

## Poverty, Inc.

### Assignment 3

I have learned many things after watching this documentary. I was surprised that the Africans are hurt from foreign aid.

After gathering some thoughts, I came to a conclusion that the root cause of this problem is the “social fact” which is a set of assumptions that we all assumed what the people in Africa need and how their lives are. Foreign government and NGOs all implement policies towards Africa based on this social fact which is not accurate representation of reality. Which results in huge amount of unnecessary and harmful amount of foreign aids.

Foreign aids harm the Africans by two ways. First, free stuff can be viewed as the most extreme case of dumping which would put the local entrepreneurs out of business because no one would buy from them. This will hurt not only the owners but also the workers, when there is less business it also means it is harder to find jobs.

The second way is through psychological aspect. Free stuff creates dependency mentality. It makes people think that they need help from others which because they cannot stand for themselves. This would eliminate people’s motivation to work and develop themselves because they do not need to.

In general, it can be also viewed that these foreign aids heavily distort the market and people’s behaviors.

There are many things that need to be done in order to eradicate poverty. First, we must change how the world views these African countries, make people see how it really is, that they are not inferior and be able to stand for themselves.

Next, instead of giving free stuff, we help them by other means. Creating jobs, connect them to international trade and provide access to growth (education, financial market). In my opinion, the most important one is to just let the people produce for themselves, leave them be, intervene the market as least as possible, they would produce things that they have comparative advantages in and trade for other things they need, **just let the market works.**