

Modern Slavery

"Rags make paper, paper makes money, money makes banks, banks make loans, loans make beggars, beggars make rags." ~ Anon.

Psychologist Martin Seligman's theory of 'learned helplessness' explains why individuals may accept and remain passive in negative situations despite their clear ability to change them. One wonders if this theory is equally applicable to nations? Can nations that have seen only poverty for past many decades without any hope or light at the end of the tunnel adopt similar passive and helpless patterns of behaviour? Could begging, borrowing and increased dependence on others be an important contributory factor?

A recent comparative study of a nation state and a set of beggars sharply highlighted this phenomenon. The beggars unanimously agreed on the core issues that bothered them the most. They said their children could not go to schools. They did not have access to clean drinking water. They had to defecate in the open. They were looked down upon by all except their co-professionals. They had to frequently change spots because of inclement weather or bossy police. They also felt that years of begging had atrophied their ability to think rationally or perform any other task.

The dependent nation state, on the other hand, fared far worse on its performance as compared to the beggars on the streets. The nation state was under a heavy external debt of US dollar 74 billion. It was forced to borrow about 5 billion dollars every year only to pay back the interest on the previously taken loans. Its 22.6 million children were out of school. Its 44 % people suffered the indignity of defecating in the open. Its 84 % population had no access to clean drinking water and its 99 % untreated raw sewage was dumped into canals, rivers and sea.

The 'learned helplessness' of the nation state had reached a point where it could no longer think or solve even the simplest of problems. While it boasted of nuclear bombs, it could not even clean up its own cities and streets. It had to give the garbage

collection contract for Karachi to the Chinese while the Turks were asked to provide similar services in Lahore and Islamabad.

Foreign aid has been a huge disaster for most recipients. The winner of 2015 Nobel prize in Economics, Angus Deaton sums it up by saying "development is neither a financial nor a technical problem but a political problem, and the aid industry often makes the politics worse." He goes on to say that "It does more harm than good. It stifles development in poorer countries and it can help prop up brutal dictatorships." Ugandan commentator and journalist Andrew Mwenda points out that the \$600 billion given to Africa in aid over the past four decades has resulted in zero growth. This, he says, is because aid is, "antithetical to growth."

Developing countries have forked out over \$4.2 trillion in interest payments on debts alone since 1980 – a direct cash transfer to big banks in New York and London, on a scale that dwarfs the aid that they received during the same period. Take Pakistan as an example. With 60% population living below the poverty line, it is compelled to surrender 40 % of its budget towards debt servicing. A big chunk goes to defence for 'keeping up with the Joneses'. What is left is used in mindless self-aggrandizing activities such as spending some five billion Rupees every year in newspaper ads to solicit personal publicity for political leaders. Making the world's 3rd tallest water sprouting fountain at a cost of Rs. 320 million is just one small example of how publicity takes priority over the poor.

Angus Deaton argues that the main barrier to progress in fighting poverty in the world's poorest countries is bad governance rather than the lack of resources. At least \$1 trillion a year is being "stolen" from the world's poorest countries by criminals and corrupt officials who siphon cash through money laundering, tax evasion and embezzlement .

The most important negative impact of 'perpetual aid syndrome' (PAS) is that the recipient country stops developing its own capacity, institutions and tax systems. While giving a country the money to build a school or a hospital may sound like a great idea, it has only a temporary and localised effect. In absence of external aid the recipient country would have needed to reform its own systems, plug the leakages and tax its citizens in order to build its much needed schools or hospitals. Pakistan did none of the above. Its inability to collect taxes (1,074,000 tax payers out of a population of 200 million) could be a perfect example of how foreign aid succeeds in making nations fall into the trap of 'learned helplessness'.