



## Straight Talk

by Muriel Sluyter

## Infinite Cycle of Poverty

25 February, 2003

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Greetings, Gentle Reader,

Economists teach what they call an "infinite cycle of poverty." They say poor countries can't climb out of grinding poverty unless wealthy nations give them aid and the World Bank and International Monetary Fund give them massive loans.

Is this premise correct? Are Third World countries doomed to never-ending poverty unless we send them buckets of money?

Walter Williams, George Mason University economist, says no.

He points out that recipient countries inevitably end up poorer after being given aid and loans than they were before.

Why? Aid and loans give brutal dictators power to build huge, economically worthless projects, pay off cronies and buy the military equipment they need to control and oppress their populace. It also allows them to funnel millions, even billions, into Swiss bank accounts.

Williams says countries that have the least contact with Western nations, whether through trade or conquest, are the poorest of the poor.

Why? Because they continue to practice centuries-old patterns that do not, cannot, allow their economies to develop.

Then there are the population control freaks who insist that people in these countries have too many children.

Really? Williams says China has 409 people per square mile, Taiwan has 1,478, while Hong Kong has 247,500.

According to overpopulation believers, China should be the richest, while the people of Hong Kong should be downright destitute. Sorry, it's exactly the opposite.

The newest economic "boogie men" that activists use to blame the West are globalization and exploitation by multinational corporations, yet there is solid historical proof that trade and Western contact, e.g., Hong Kong, Taiwan, Zimbabwe (while it was called Rhodesia), etc., raise living standards in Third World countries.

So what's going on?

Let's see how it really works: Hong Kong was run by Britain until a few years ago, and is rich.

China has always been run by tyrants of one type or another, and has always been impoverished.

The Rhodesia of yesteryear was colonized by Britain and was the bread basket of Africa. Since becoming Zimbabwe, it has been run by a ruthless tyrant and the people are only being kept from total starvation by food aid from countries they used to feed.

Lord Peter Bauer said, "Economic achievement and progress depends on people's conduct, not on their numbers."

A careful evaluation of destitute countries shows he is correct. Today's wealthy nations were once as poverty-stricken as the most destitute of South American, African or Asian countries.

America started as a Third World country, but the people worked incredibly hard and were permitted to keep the fruits of their labors.

Hernando de Soto, author of "The Mystery of Capital," asks "why capitalism triumphs in the West and fails everywhere else?"

Answering his own query he says: 1) America's laws evolved, so hard work paid off. 2) Private property rights were protected. 3) Early Americans enjoyed a high level of freedom. 4) Taxation was not at a confiscatory level. Therefore, America became strong and rich.

If we continue to erode each of these four pillars of strength, as we are doing today, we will destroy everything our ancestors built, and we will become as weak and irresolute as Europeans.

The answer? 1) Hard work must continue to bring rewards or Americans will cease to work hard. 2) Respect for and protection of property rights must be reestablished because humans always work harder for a property or business they own. 3) We must cease to let courts and legislatures reverse constitutional freedoms, or we will become disillusioned, apathetic and shiftless. 4) We must have use of the money we earn, rather than paying most to taxes, as do Europeans, or no one will willingly work overtime.

Then again, we could just change our name to "France" and be done with it.