

Chapter 1 : Advantages and Disadvantages of Giv

Political economy considerations tend to support Lal's view over Easterly's. That political scientists and economists have resoundingly rejected the view that foreign aid promotes economic development seems to have had little effect on policymakers, who pay lip service to 'good policies and institutions' but have done little to roll.

Sauvy wrote, "This third world ignored, exploited, despised like the third estate also wants to be something. This terminology provided a way of broadly categorizing the nations of the Earth into three groups based on political and economic divisions. It is being replaced with terms such as developing countries , least developed countries or the Global South. The concept itself has become outdated as it no longer represents the current political or economic state of the world. It was also sometimes taken as synonymous with countries in the Non-Aligned Movement. Because many Third World countries were economically poor and non-industrialized, it became a stereotype to refer to poor countries as "third world countries", yet the "Third World" term is also often taken to include newly industrialized countries like Brazil, India, and China; they are now more commonly referred to as part of BRIC. Historically, some European countries were non-aligned and a few of these were and are very prosperous, including Ireland , Austria , Sweden , Finland , Switzerland and Yugoslavia. Three Worlds[edit] See also: Groups most notable for expressing and exercising this idea are the Non-Aligned Movement NAM and the Group of 77 which provide a base for relations and diplomacy between not just the third-world countries, but between the third-world and the first and second worlds. The notion has been criticized as providing a fig leaf for human-rights violations and political repression by dictatorships. Having gained independence, many of these countries, especially smaller ones, were faced with the challenges of nation- and institution-building on their own for the first time. Due to this common background, many of these nations were "developing" in economic terms for most of the 20th century, and many still are. This term, used today, generally denotes countries that have not developed to the same levels as OECD countries, and are thus in the process of developing. In the s, economist Peter Bauer offered a competing definition for the term "Third World". He claimed that the attachment of Third World status to a particular country was not based on any stable economic or political criteria, and was a mostly arbitrary process. The large diversity of countries considered part of the Third World " from Indonesia to Afghanistan " ranged widely from economically primitive to economically advanced and from politically non-aligned to Soviet- or Western-leaning. An argument could also be made for how parts of the U. Thus, the aggregate term "Third World" was challenged as misleading even during the Cold War period, because it had no consistent or collective identity among the countries it supposedly encompassed. Countries formerly considered Least Developed in green. Therefore, the United States and the Soviet Union went to great lengths to establish connections in these countries by offering economic and military support to gain strategically located alliances e. Throughout the Cold War and beyond, the countries of the Third World have been the priority recipients of Western foreign aid and the focus of economic development through mainstream theories such as modernization theory and dependency theory. Rostow argued that Take-off was the critical stage that the Third World was missing or struggling with. Thus, foreign aid was needed to help kick-start industrialization and economic growth in these countries. When talking about the Global North and the Global South , the majority of the time the two go hand in hand. Goldstone and his colleagues put it, "in the twentieth century, the Great Divergence peaked before the First World War and continued until the early s, then, after two decades of indeterminate fluctuations, in the late s it was replaced by the Great Convergence as the majority of Third World countries reached economic growth rates significantly higher than those in most First World countries". Wikiquote has quotations related to:

Chapter 2 : Gift economy - Wikipedia

A Political Economy of Aid because they advance the interests of political elites both in countries that give and that so many people in aid-receiving.

Millennials in Adulthood Detached from Institutions, Networked with Friends The Millennial generation is forging a distinctive path into adulthood. And in many, they are also different from older adults back when they were the age Millennials are now. These are at or near the highest levels of political and religious disaffiliation recorded for any generation in the quarter-century that the Pew Research Center has been polling on these topics. At the same time, however, Millennials stand out for voting heavily Democratic and for liberal views on many political and social issues, ranging from a belief in an activist government to support for same-sex marriage and marijuana legalization. For more on these views, see Chapters 1 and 2. These findings are based on a new Pew Research Center survey conducted Feb. Millennials have also been keeping their distance from another core institution of society—marriage. They have also taken the lead in seizing on the new platforms of the digital era—the internet, mobile technology, social media—to construct personalized networks of friends, colleagues and affinity groups. Not surprisingly, they are the most avid users. Millennials are also distinctive in how they place themselves at the center of self-created digital networks. Racial Diversity Millennials are the most racially diverse generation in American history, a trend driven by the large wave of Hispanic and Asian immigrants who have been coming to the U. In this realm, Millennials are a transitional generation. About half of newborns in America today are non-white, and the Census Bureau projects that the full U. But it is not the only factor. Across a range of political and ideological measures, white Millennials, while less liberal than the non-whites of their generation, are more liberal than the whites in older generations. A Pew Research Center analysis found that minorities and low-income adults had lower levels of social trust than other groups. They are about as likely as their elders to have a favorable view of business, and they are more likely than older generations to say they support an activist government. In , the first presidential election in which large numbers of Boomers were eligible to vote, they skewed much more Democratic than their elders. Economic Hardships Millennials are also the first in the modern era to have higher levels of student loan debt, poverty and unemployment, and lower levels of wealth and personal income than their two immediate predecessor generations Gen Xers and Boomers had at the same stage of their life cycles. Median household income in the U. The timing of these macro-economic trends has been especially hard on older Millennials, many of whom were just entering the workforce in when the economy sank into a deep recession from which it has yet to fully recover. At the same time, fully a third of older Millennials ages 26 to 33 have a four-year college degree or more—making them the best-educated cohort of young adults in American history. Educational attainment is highly correlated with economic success , even more so for this generation than previous ones. In an increasingly knowledge-based economy, young adults today who do not advance beyond high school have been paying a much stiffer penalty—in terms of low wages and high unemployment—than their counterparts did one and two generations ago. They are entering adulthood with record levels of student debt: The median age at first marriage is now the highest in modern history—29 for men and 27 for women. In contrast to the patterns of the past, when adults in all socio-economic groups married at roughly the same rate, marriage today is more prevalent among those with higher incomes and more education. Perhaps because of their slow journey to marriage, Millennials lead all generations in the share of out-of-wedlock births. Some of this gap reflects a lifecycle effect—older women have always been less likely to give birth outside of marriage. But the gap is also driven by a shift in behaviors in recent decades. About six-in-ten adults in all four generations say that more children being raised by a single parent is bad for society; this is the most negative evaluation by the public of any of the changes in family structure tested in the Pew Research survey see Chapter 3. No other cohort of adults is nearly as confident, though when Gen Xers were the age Millennials are now, they were equally upbeat about their own economic futures. Some of this optimism, therefore, may simply reflect the timeless confidence of youth. The confidence of Millennials in their long-term economic prospects is even more notable in light of another finding from the

latest Pew Research survey: There is a much bigger generation gap, however, on the question of whether government should give higher priority to programs that benefit the young or the old. Even so, this generation stood out in the past two presidential elections as strikingly Democratic. According to national exit polls, the young-old partisan voting gaps in and were among the largest in the modern era, with Millennials far more supportive than older generations of Barack Obama. And Millennials today are still the only generation in which liberals are not significantly outnumbered by conservatives. In all of these realms, they are more liberal than their elders. However, on some other social issues—including abortion and gun control—the views of Millennials are not much different from those of older adults. Not only are they less likely than older generations to be affiliated with any religion, they are also less likely to say they believe in God. But if past is prologue, these young adults may develop a stronger belief in God over the course of their lives, just as previous generations have.

Self-Identification In response to a battery of questions in the latest Pew Research survey about how they think of themselves, Millennials are much less inclined than older adults to self-identify as either religious or patriotic. This gap may be due more to their age and stage in life than a characteristic of their generation. When Gen Xers were young, they too lagged behind their elders on this measure in a similarly worded question. Millennials by Age and Race As is the case within any generation, Millennials are not all alike. They are a diverse group with a myriad of views on many of the important issues of their time. Cultural arbiters have yet to determine how young the youngest Millennials are, or when the next generation begins. And some political analysts have suggested that older and younger Millennials may differ in terms of their political views and party allegiances. But an analysis of Pew Research surveys conducted in shows that the shares of younger and older Millennials who identify with the Democratic Party are roughly comparable. Younger and older Millennials also have similar assessments of the job Barack Obama is doing as president. The political views of Millennials differ significantly across racial and ethnic lines. These partisan patterns are closely linked to views of Obama. While Millennials as a group are somewhat more approving of Obama than Gen Xers, Boomers or Silents, these differences are driven more by race and ethnicity than by age. White and non-white Millennials have different views on the role of government as well. Non-white Millennials lean heavily toward a bigger government: The racial gaps are about as wide among Gen Xers and Boomers. The remainder of this report is organized in the following way. Chapter 1 looks at key political trends by generation, drawing on Pew Research data from the past decade or longer. The trends include party identification, political ideology, presidential approval and views of Congress. Chapter 2 looks at key policy issues by generation, including same-sex marriage, marijuana legalization, immigration, abortion, gun control, Social Security and the role of government. Chapter 3 looks at economic attitudes, technology use, and views on major societal trends, all through the lens of generation. It also looks at how adults from different generations self-identify across a range of dimensions religiosity, patriotism, environmentalism and gay rights. Much of the analysis comes from a new Pew Research telephone survey conducted Feb. Interviews were conducted on landline telephones and cell phones 1, under the direction of Princeton Survey Research Associates International. The margin of sampling error is plus or minus 2. Additional analysis is based on two Pew Research Center telephone surveys conducted Jan. Each of the surveys has a margin of sampling error of plus or minus 2. Analysis of long-term Pew Research Center trends is based on pooled data from surveys conducted from through February This report focuses on Millennial adults. However, the youngest Millennials are in their teens and no chronological end point has been set for this group yet. The record-breaking tweet got more than a million retweets in an hour and was widely covered in the traditional media. This revised version includes results from a new February survey. The statement of findings in the report have not changed. In this analysis, responses ranging from 8 to 10 are interpreted as describing the respondent very well.

Chapter 3 : Liberal Billionaires Giving Hundreds of Millions to Help Democrats Beat Pro-Gun Republicans

THE POLITICAL ECONOMY OF U.S. FOREIGN AID: AMERICAN LEGISLATORS AND THE DOMESTIC POLITICS OF AID HELEN V. MILNER AND DUSTIN H. TINGLEY Are there systematic political economy factors that shape preferences for.

You can also view this chart as an image. Contrary to popular belief, the US is not the only nation with tax incentives to encourage private contributions. Only Austria, Finland and Sweden do not offer incentives. Factoring that in, the US ranks joint 19th out of 21 Japan fairs a lot worse Roodman also admits that manyâ€”perhaps mostâ€”important aspects of aid quality are still not reflected in the indexâ€”factors such as the realism of project designs and the effectiveness of structural adjustment conditionality. This index considers aid, trade, investment, migration, environment, security, and technology. Their result shows the Netherlands first, Japan last, and the US ranking thirteenth, just behind the United Kingdom, out of 21 total. As David Roodman notes in his announcement of the Commitment to Development Index , As in the past, the G-7 leading industrial nations have not led on the [Commitment to Development Index]; Germany, top among them, is in 9th place overall. The results were charted as follows: Private donations and philanthropy Government aid, while fraught with problems discussed below , reflects foreign policy objectives of the donor government in power, which can differ from the generosity of the people of that nation. It can also be less specialized than private contributions and targets are internationally agreed to be measurable. A vivid example of this is in health issues around the world. Amazingly large donations by foundations such as the Bill and Melinda Gates Foundation are impressive, but the underlying causes of the problems are not addressed, which require political solutions. As Rajshri Dasgupta comments: In a nutshell, industry and private donations are feel-good, short-term interventions and no substitute for the vastly larger, and essentially political, task of bringing health care to more than a billion poor people. It was big news and very welcome by many. Makes you wonder who the real beneficiary of charity is here. This is just one amongst many examples of what appears extremely welcome philanthropy and charity also having other motives. It might be seen as horrible to criticize such charity, especially on a crucial issue such as AIDS, but that is not the issue. The concern is that while it is welcome that this charity is being provided, at a systemic level, such charity is unsustainable and shows ulterior motives. Would Bill Gates have donated that much had there not been additional interests for the company that he had founded? He also adds that it is killing more people than the philanthropy saving. What Palast is hinting towards is the unequal rules of trade and economics that are part of the world system, that has contributed to countries such as most in Africa being unable to address the scourge of AIDS and other problems, even when they want to. See for example, the sections on free trade , poverty and corporations on this web site for more. The LA Times has also found that the Gates Foundation has been investing in questionable companies that are often involved in environmental pollution, even child labor, and more. In addition to private contributions, when it comes to government aid, these concerns can multiply as it may affect the economic and political direction of an entire nation if such government aid is also tied into political objectives that benefit the donor. Back to top Are numbers the only issue? The above talks a lot about numbers and attempts to address common questions about who gives what, as for Americans and Europeans, there is indeed a fascination of this topic. Less mentioned in the media is that some aid money that is pledged often involves double accounting of sorts. Sometimes offers have even been renegeed or just not delivered. It is common to hear many Americans claim that the US is the most generous country on earth. While the numbers above may say otherwise in a technical sense, is who gives the most really the important discussion here? While important, concentrating on this one aspect diverts us from other pressing issues such as does the aid actually help the recipient, or does it actually help the donor. As we will see further below, some aid has indeed been quite damaging for the recipient, while at the same time being beneficial for the donor. But, as they note, a number of factors have led to a large decline in aid, some that cannot be shown by numbers and graphs, alone. Tighter budgetary constraints in richer countries during the s; More importantly, an ideology shift on governments and markets see also primer on neoliberalism and structural adjustment on this site ;

Increasing number of countries competing for development aid funds; Donors putting a broader interpretation on what constitutes development assistance. On the last point above, South Centre notes that the broader interpretation include categories which bear little relationship to the need of the developing countries for long term development capital. Thus, those expanded categories for official development assistance include: An analysis of OECD data over time shows such increases in non-development aid: In effect, not only has aid been way below that promised, but what has been delivered has not always been for the original goal of development. The technical co-operation grants are also known as technical assistance. This is despite a growing body of evidenceâ€”much of it produced by donors themselves and dating back to the 1960sâ€”that technical assistance is often overpriced and ineffective, and in the worst cases destroys rather than builds the capacity of the poorest countries. They continue to use technical assistance as a soft lever to police and direct the policy agendas of developing country governments, or to create ownership of the kinds of reforms donors deem suitable. Donor funded advisers have even been brought in to draft supposedly country owned Real Aid: Their figures are based on data, which at time of their publication was the latest available. However, they also went further than I have to show just how much phantom aid there is. For example, they note p. These figures are necessarily approximate, they note. If anything, they probably flatter donors. Lack of data means that other areas of phantom aid have been excluded from our analysis. These include conditional or unpredictable aid, technical assistance and administration spending through multilateral channels, security-related spending and emergency aid for reconstruction following conflicts in countries such as Iraq. Some of these forms of aid do little to fight poverty, and can even do more harm than good. Action Aid also provided a matrix p. Real aid volumes and share of phantom aid High Real Aid Volume.

Chapter 4 : Millennials in Adulthood

Political economy also involves the use of game theory, since groups competing for finite resources and power must determine which courses of action will give the most beneficial results, and what.

However, he claims that anthropologists, through analysis of a variety of cultural and historical forms of exchange, have established that no universal practice exists. The nature of those property rights varies from society to society, from culture to culture, and are not universal. The nature of gift-giving is thus altered by the type of property regime in place. Although the book is a commodity, bought and sold, it has not been completely "alienated" from its creator who maintains a hold over it; the owner of the book is limited in what he can do with the book by the rights of the creator. The gifts given in Kula exchange still remain, in some respects, the property of the giver. When many people hold rights over the same objects gifting has very different implications than the gifting of private property; only some of the rights in that object may be transferred, leaving that object still tied to its corporate owners. Anthropologist Annette Weiner refers to these types of objects as "inalienable possessions" and to the process as "keeping while giving". Malinowski stated that reciprocity is an implicit part of gifting; he contended there is no such thing as the "free gift" given without expectation. These gifts were, he argued, a "total prestation". A prestation is a service provided out of a sense of obligation, like "community service". Given the stakes, Mauss asked "why anyone would give them away? Parry believes that a good part of the confusion and resulting debate was due to a bad translation. Mauss appeared to be arguing that a return gift is given to keep the very relationship between givers alive; a failure to return a gift ends the relationship and the promise of any future gifts. Her critique was twofold: Their exchanges were ignored by Malinowski. She argues that the specific goods given, like Crown Jewels, are so identified with particular groups, that even when given, they are not truly alienated. Not all societies, however, have these kinds of goods, which depend upon the existence of particular kinds of kinship groups. French anthropologist Maurice Godelier [24] pushed the analysis further in "The Enigma of the Gift" Total prestations are given, he argues, to preserve landed estates identified with particular kin groups and maintain their place in a ranked society. Gregory believes that one gives gifts to friends and potential enemies in order to establish a relationship, by placing them in debt. He also claimed that in order for such a relationship to persist, there must be a time lag between the gift and counter-gift; one or the other partner must always be in debt, or there is no relationship. Marshall Sahlins has stated that birthday gifts are an example of this. Gregory has stated that without a relationship of debt, there is no reciprocity, and that this is what distinguishes a gift economy from a "true gift" given with no expectation of return something Sahlins calls "generalized reciprocity": Gift or generalized reciprocity is the exchange of goods and services without keeping track of their exact value, but often with the expectation that their value will balance out over time. Balanced or Symmetrical reciprocity occurs when someone gives to someone else, expecting a fair and tangible return at a specified amount, time, and place. Market or Negative reciprocity is the exchange of goods and services where each party intends to profit from the exchange, often at the expense of the other. Gift economies, or generalized reciprocity, occurred within closely knit kin groups, and the more distant the exchange partner, the more balanced or negative the exchange became. This expanding goodwill deepens social capital exchanged in close communities and leaves a "relationship bank" for community members to tap into when they are in need of help in the future. Within the virtual world, the proliferation of public domain content, Creative Commons Licences, and Open Source projects have also contributed to what might be considered an economics game changer variable. That is, the gift of alms embodying the sins of the giver, when given to ritually pure priests, saddled these priests with impurities that they could not cleanse themselves of. More than likely, he will ask for more, to the detriment of his status. In the Moka exchange system of Papua New Guinea, where gift givers become political "big men", those who are in their debt and unable to repay with "interest" are referred to as "rubbish men". Bataille is particularly interested in the potlatch as described by Mauss, and claims that its agonistic character obliges the receiver of the gift to confirm their own subjection. Gift-giving thus embodies the Hegelian dipole of master and slave within the act. Spheres of exchange and "economic systems"[edit].

Chapter 5 : Countries Scaled to the Economic Aid They Receive From the U.S.

A gift economy, gift culture, or gift exchange is a mode of exchange where valuables are not traded or sold, but rather given without an explicit agreement for immediate or future rewards.

Explore the latest strategic trends, research and analysis It sounds kind of crazy to say that foreign aid often hurts, rather than helps, poor people in poor countries. Yet that is what Angus Deaton, the newest winner of the Nobel Prize in economics, has argued. Deaton, an economist at Princeton University who studied poverty in India and South Africa and spent decades working at the World Bank, won his prize for studying how the poor decide to save or spend money. But his ideas about foreign aid are particularly provocative. There was a strong economic and political argument for helping poor countries, too. So in the hopes of spreading the Western model of democracy and market-based economies, the United States and Western European powers encouraged foreign aid to smaller and poorer countries that could fall under the influence of the Soviet Union and China. Live Aid music concerts raised public awareness about challenges like starvation in Africa, while the United States launched major, multibillion-dollar aid initiatives. And he made them with perhaps a better understanding of the data than anyone had before. Rather, lots of foreign aid flowing into a country tended to be correlated with lower economic growth, as this chart from a paper by Arvind Subramanian and Raghuram Rajan shows. The countries that receive less aid, those on the left-hand side of the chart, tend to have higher growth “ while those that receive more aid, on the right-hand side, have lower growth. Think of it this way: In order to have the funding to run a country, a government needs to collect taxes from its people. Since the people ultimately hold the purse strings, they have a certain amount of control over their government. Yet economists have long observed that countries that have an abundance of wealth from natural resources, like oil or diamonds, tend to be more unequal, less developed and more impoverished, as the chart below shows. Countries at the left-hand side of the chart have fewer fuels, ores and metals and higher growth, while those at the right-hand side have more natural resource wealth, yet slower growth. Health, Wealth, and the Origins of Inequality. Deaton and his supporters offer dozens of examples of humanitarian aid being used to support despotic regimes and compounding misery, including in Zaire, Rwanda, Ethiopia, Somalia, Biafra, and the Khmer Rouge on the border of Cambodia and Thailand. Western countries stopped giving aid to Taya after his government became too politically repressive, but he managed to get the taps turned on again by becoming one of the few Arab nations to recognize Israel. Deaton acknowledges that, in some cases, this might be worth it to save lives. To get to the powerless, you often have to go through the powerful. The old calculus of foreign aid was that poor countries were merely suffering from a lack of money. There are better and worse ways to distribute foreign aid, they say. In the last decade, researchers have tried to integrate these lessons from economists and argue for more effective aid practices. These methods have again led to a swell in optimism in professional circles about foreign aid efforts. The science of measuring economic effects is much more important, much harder and more controversial than we usually think, he told The Post. Acemoglu said of Deaton: And I think the foreign aid area, that policy arena, really riled him up because it was so lacking in rigor but also so grandiose in its claims. Instead, many of the positive things that are happening in Africa “ the huge adoption in cell phones over the past decade, for example “ are totally homegrown. He points out that, while the world has made huge strides in reducing poverty in recent decades, almost none of this has been due to aid. This article is published in collaboration with Washington Post. Publication does not imply endorsement of views by the World Economic Forum. Ana Swanson is a reporter for Wonkblog specializing in business, economics, data visualization and China.

Chapter 6 : Does foreign aid always help the poor? | World Economic Forum

The Political Economy of Giving Legitimacy, Welfare, and the Influence of Foreign NGOs in China Nathan Wallace SIT: Yunnan Province Spring

International migration, the movement of people across international boundaries, continues to be one of the most important issues of the global policy agenda for it generates enormous economic, social, and cultural implications in both sending and receiving countries. The report also acknowledges that almost one of every 10 persons living in developed countries is a migrant. The more developed regions receive each year about 2. The increase in the total number of migrants boosted the flow of formal remittances from migrants to their relatives in their country of origin as well. The remittance flow has doubled in the last decade, reaching billion US Dollars in , with billion US Dollars going to developing countries 2. It surpasses foreign aid and is the largest source of foreign capital for dozens of countries 3. Historically, migration was considered and used as a last resort to maintain a moderate living standard which was deemed impossible to acquire in origin countries, and at the time it successfully responded to significant labor needs of the destination countries. Then, migrants had no difficulty to find jobs in host countries. However, economic, demographic and political developments coupled with the mounting concerns over the future of labor supply have renewed the attention of policy-makers on labor migration issues once again. Those were the years of a good economic climate, high economic growth and lower unemployment rates in some developed countries. The demographic developments in those countries, on the other hand, tended to imply an ageing workforce and ultimately result in a declining population of working age. In such environment, employers started to experience difficulties in finding workers with necessary qualifications. This meant a renewed interest in services of migrant workers 5. The need for migrants coincided with the growing global unemployment crisis, and the migrants enthusiastically responded to the calls for recruitment by the developed economies. At the same time, the governments of the developed countries inclined to develop policies which placed new mechanisms in order to better address their labor market needs. The new immigration policies were selective in nature and targeted those migrants who can fully respond to the labor market needs and easily integrate with receiving communities, causing new challenges for the economies of sending countries. Against this backdrop, the need for formulating effective policies, which will enable the governments of the receiving countries to reconcile the interests of their populations and the demands of millions who are in search of better living standards, has become the most daunting issue to address. The answer to this question is certainly not an easy one and requires meticulous analyses of the issue considering the fact that we live in such a globally interconnected world that any decision taken in one country for action will have to take into account the possible adverse effects it may give rise in another. For the sake of clarity and better understanding of such a complicated issue, the reader is also provided with an overview of recent international migration trends in the following chapter.

The Recent Trends of International Migration: The patterns of the flow of people between countries are widely influenced by international economic, political and cultural interrelations. International economic disparities, poverty and environmental degradation, combined with the absence of peace and security and human rights violations are all factors affecting international migration. Today, it is estimated that there are nearly million migrants are living in countries in which they were not born. According to the most recent UN statistics, Asia has some 49 million migrants, Africa 16 million and the Latin America and Caribbean region 6 million 6. It is also worth to note that the composition and concentration of stock of migrants considerably differ from those of the past. According to a UN publication entitled *Trends in Total Migration Stock*, most of the migrants are concentrated in a small number of countries. The predominant form of migration varies considerably from one part of the world to another as well. In Asia, for example, many migrants move on the basis of temporary labor contracts. In Americas and Africa, irregular migration is far more common phenomenon. Countries such as Australia, Canada, New Zealand and the USA continue to accept migrants for permanent settlement and citizenship, while the countries of the Middle East usually admit international migrants for fixed periods. In Europe, the major preoccupation of recent years has been the arrival of asylum seekers from other parts of the

world 8. However, the global oil crises have put an end to this type migration in most developed countries, saving only family and humanitarian migration. What renewed the attention of policy-makers on labor migration issue was nothing but a mere result of new economic, demographic and political developments. A good economic climate and years of economic growth in some developed countries have led to increasing employment, higher participation and lower unemployment rates. Aging population of developed economies coupled with falling fertility rates created serious concerns over sustainability of labor markets. As a result, the capacity of these economies to digest a bigger stock of migrants was expanded. However, having faced with serious difficulties concerning the integration of previous stock of migrants into their societies, the governments of the receiving countries started to be more selective in their immigration policies. They tended to target those migrants who can better respond to their labor market needs and easily integrate with their communities. The new policies also helped the receiving countries bring some sort of stability to the flow of migrants as well. Needless to say, such policies had created new implications on the economies of sending countries. The loss of qualified human resources for many countries of origin is the one which has been most cited. The upshot is, the number of migrants continues to grow despite the changes in the immigration policies of the receiving countries to stabilize it. The current global job crisis seems to do nothing but fuel this tendency in the coming years. ILO statistics indicate that in , some ,5 million people around the world were unemployed, an increase of 2. Almost half of the unemployed people in the world are young people. And young people are more than three times as likely as adults to be unemployed 9. Increasing number of women and men in developing countries are today looking for employment opportunities elsewhere as they are unable maintain a livelihood in their home countries. Needless to say, this promises a higher rate of growth in global stock of migrants. This estimation is based upon a hypothesis which assumes that by allowing workers to move to areas where they are more productive and valued, migration leads to a direct increase in global output and income. International migration also has the potential of facilitating the transfer of skills and contributing to cultural enrichment. This said, one should also maintain that international migration entails the loss of human resources for many countries of origin and may give rise to political, economic or social tensions in countries of destination. Almost half of these remittances are transferred between countries in the developing world. The leading recipients of remittances in were Mexico with 16 billion US Dollars a year, India with 9. Remittances are now close to triple the value of the Official Development Assistance ODA provided to low-income countries and comprise the second-largest source of external funding for developing countries after Foreign Direct Investment FDI. In short, remittances now play an essential role in sustaining national and local economies in many recipient countries. Remittances provide an important source of foreign exchange to recipient countries, boost the capacity of the financial sector and help to attract subsequent investment. Remittances evidently provide the most direct and immediate benefits to the people who receive them, many of whom, the World Bank has established, are amongst the poorest members of society Remittances help to lift recipients out of poverty, increase and diversify household incomes, provide an insurance against risk, enable family members to benefit from educational and training opportunities and provide a source of capital for the establishment of small businesses. Recognition of positive impact of remittances on the economies of developing countries is important and must be promoted. They should also promote the conditions necessary to increase domestic savings and channel them into productive investment. Migration can, however, also result in the loss of the most skilled and best educated human resources of the developing economies. In other words, brain drain deprives the state of revenue and prevents countries of origin from gaining an early return on the investment they have made in the education and training of those people. Most seriously, when it involves the departure of professionals in sectors such as health and education, migration can adversely affect the supply and quality of essential services. Mostly, the problems caused by the brain drain in poorer sending countries are enormous. Migrants from developing countries are generally more likely to stay in the host country than migrants from advanced countries. The sending countries will have to attract back these emigrants in order to assure that their fragile economies will be able to maintain enough number of highly skilled professionals for development. Regaining them can also bring valuable management experience, entrepreneurial skills and access to global networks. However, experience shows that such efforts have, for

most of the time, been fruitless. One way for sending countries to alleviate the negative impact of brain drain is to facilitate the return of migrants and their reintegration into their home communities, and to devise ways of using their skills. To encourage the return of qualified migrants who can play a crucial role in the transfer of knowledge, skills and technology is also a well recognized way of tackling with the issue of brain drain. The receiving countries can also play an important role in this respect. Use of short-term and project-related migration, as a means of improving the skills of nationals of sending countries can be a very helpful instrument. Bilateral or multilateral agreements can be signed and implemented for this purpose. There are conflicting views on the impact of immigration on the economies of receiving countries. Opponents of immigration believe that migrants steal the jobs and depress the wages. Another argument that the critics of immigration relies on is that immigration has the potential of producing conflict among ethnic groups. The reasoning behind this assumption is the possibility of emergence of such an environment in which low-income native-born groups regard the migrants as competing for jobs and resources. Proponents of immigration, on the other hand, contend that immigrants are not the cause of job loss on the side of local population as they mostly do those works which are considered too menial by their host societies. The proponents also add that migrants create added value to the economy since they are also consumers and stimulate the economy which in turn creates new jobs. International migration, proponents add, has the potential of facilitating the transfer of skills and contributing to cultural enrichment. The governments of the receiving countries seem to give credit to both the opponents and proponents of immigration. Indeed, there is a growing tendency on the part of receiving countries to be more selective in their immigration policies which restrict immigration to highly skilled workers. Countries like Switzerland, United Kingdom, Canada, Ireland, New Zealand have already either introduced such policies or are envisaging to introduce. Another mechanism commonly used by the receiving countries to control the flow of migrants is to receive migrant workers on temporary basis. However, there is still not enough evidence to conclude that these mechanisms are or will be producing the desired outcomes. In the case of temporary migration, there seems to be a consensus among the experts that this type of migration, in the long run, bears the potential of transforming itself into permanent migration. There are deficiencies and adverse effects of selective policies as well. It may encourage the potential migrants to seek asylum to be able to reach the labor markets of the developed countries. It also has negative implications on the economies of developing countries as it creates the potential of a bigger loss of skilled human resources for their economies. Population ageing is defined as the process by which older individuals become a proportionally larger share of the total population. It is a result of demographic transition in which mortality and then fertility rates decline. According to the UN statistics, the total fertility rate decreased globally by almost half, from 5. Presently, the total fertility rate is below the replacement level in all industrialized countries. This development has tripled the number of older persons in the last 50 years. It is also expected that this number will more than triple again in the next 50 years, raising serious concerns over sustainability of social security systems. Aging population has significant implications on labor markets as well. Older people today are significantly less likely to participate in the labor force than they were in the past. In , about 1 in every 3 persons aged 65 or over was in the labor force. In , this ratio decreased to just less than 1 in 5

Chapter 7 : Foreign Aid for Development Assistance – Global Issues

With countries receiving aid out of the countries listed with the International Monetary Fund in , approximately 76% of the world received some form of economic assistance from the U.S., the majority located within Africa and the Near East.

By contrast, this paper presents a political economy model of foreign aid and argues that both humanitarian aid and multilateral structural adjustment and development assistance through the International Monetary Fund IMF and World Bank have actually been designed to fail in their ostensible aims: While publicly funded aid has largely failed, there is substantial evidence supporting the benefits of private foreign direct investment FDI and not-for-profit microlending. Both historical and contemporary evidence suggests that the most important pro-development reform that Third World governments can make is to structure their political institutions so as to facilitate credible governmental commitments to private property rights, contract enforcement, and competitive markets. The plan of the essay is as follows. The next section reviews the economic evidence demonstrating the general failure of foreign aid to promote long-term development. The fourth section reviews what we do know about the determinants of long-run economic growth. The fifth section concludes with recommendations for both developed and less developed countries. Foreign Aid and Economic Development Publicly funded foreign aid is offered in two forms: Grants-in-aid are largely conducted bilaterally, government-to-government, or through United Nations agencies. Grants typically address imminent humanitarian needs such as famine and disaster relief, public health, and housing. The evidence that foreign aid generally has not enhanced economic growth is well-known. In *The Elusive Quest for Growth*, Easterly shows that in the vast majority of countries, development aid has not increased investment share of gross domestic product GDP , and growth in investment share of GDP has not caused subsequent increases in GDP per capita. In only one country Israel has development aid had the intended effects on growth. Defenders of aid, such as Jeffrey Sachs [5] and Steve Radelet, [6] point to specific successful projects in which aid was a component. However, it is impossible to draw any general conclusions from these experiences, for two main reasons: One of the main problems with aid is that a number of developing country governments have diverted aid to the private bank accounts of government officials. For instance, Alberto Alesina and Beatrice Weder find that more corrupt governments receive just as much foreign aid as less corrupt governments, that the United States government even gives more aid to more corrupt governments, and that the level of aid a country receives tends to increase corruption in the future. The evidence on the IMF is equally disheartening. James Vreeland has corrected for the fact that market-friendly governments tend to be the ones who seek IMF loans and therefore would grow faster than other governments without IMF loans ; once this correction is performed, he finds that IMF programs actually reduce economic growth by one and a half percentage points for each year the country remains under an IMF agreement. In summary, foreign aid usually causes more harm than good. Although there might be specific instances in which aid programs have worked, it would be a mistake to draw general inferences for policy from the exceptions rather than from the rule. Critics of foreign aid programs do not necessarily argue that every single aid program ever conceived has failed, but that, since aid usually fails, maintaining current aid programs or creating new ones is probably a bad idea. The Political Economy of Foreign Aid If foreign aid programs have usually failed, why do they persist? Some critics of foreign aid programs, like Easterly, argue that such programs can be reformed to work better, while others, like Deepak Lal, argue that foreign aid is fundamentally unreformable and should, apart from emergency humanitarian relief or perhaps targeted military assistance, be scrapped. Peter Bauer criticized the effects of U. It seems much more likely that donor governments have their own interests in mind when lending or granting funds to developing country governments. Two types of political considerations tend to foster the continuation of aid, even when it has failed at its stated objectives of promoting development and reducing poverty. Additionally, food aid can sometimes harm those it is intended to help, as when UN food giveaways in Mogadishu, Somalia in went chiefly to the warlords and harmed the destitute and persecuted Rahanweyn farmers, who then could not sell

their own produce. The generosity of the U. It is implausible that in most cases the U. Is there any evidence that the U. However, Thacker finds that the IMF not only fails to use sound market criteria in lending decisions countries that have previously defaulted on IMF loans are more likely to receive loans than countries that have never defaulted , but also loans more often to countries that move toward the U. This political influence on IMF decisions is even more pronounced in the post than the pre period. More recent and sophisticated work has supported the general thesis that countries friendly to the U. The truth is considerably more complex. It turns out that governments in developing countries seek out IMF loans precisely because they want the conditions attached to them. In fact, both sets of governments are responsible. Foreign aid has proved to be a mutually enriching business for both donors and recipients; unfortunately, the impoverished populations of the developing world are the ones who suffer the most. Because foreign aid is politically profitable, despite its economic perversity, we should expect that it will continue. Reform proposals that remove political criteria from aid decisions are essentially dead on arrival, as there is little incentive for politicians to change a system from which they benefit. Institutions as the Key to Development If foreign aid is not the solution for global poverty, what is? Both statistical and case-study research has demonstrated conclusively that private foreign direct investment, conducted by multinational enterprises MNEs , promotes growth and raises wages. However, there is essentially no evidence of an aggregate decline in taxes, spending, or regulation in those economies most open to international investment. As Bhagwati notes, multinationals attracted by subsidies generally add little value. The real question is, What should these governments not do? Government-led industrialization is a risky business, and it usually fails. As Easterly notes, governments can kill growth. He points to six specific policy errors: Presumably growth-killing policies benefit the politicians who implement and maintain them; otherwise, they would not exist. To answer this question, we need to turn to the study of political institutions. Institutions can constrain politicians and provide them the incentives to pursue growth-enhancing policies. Competitive elections generally place a constraint on the most ravenous, destructive kinds of rent-seeking, and Milner and Kubota have found that among developing countries, democracies are more likely than authoritarian regimes, particularly military regimes and personalist dictatorships, to liberalize trade. Unconstrained dictators cannot make credible commitments, because a dictator can always change his mind: Countries dependent on publicly owned natural resources or foreign aid tend to suffer from dysfunctional government because such governments do not rely on productive investment for tax revenue. In these countries, some sort of total collapse or revolutionary upheaval might be necessary to create the sort of institutions that could constrain future governments. The burden of reform is not solely on developing country governments, nor is the blame for persistent global poverty solely theirs. Rather than providing publicly financed aid, governments of the developed countries should eliminate their own agricultural subsidies and tariffs, which have distorted world markets so much that many African countries actually import food from Europe! These policies also encourage unproductive and ecologically destructive land use in the northern hemisphere. The recent support of Oxfam and other humanitarian NGOs for liberalized trade between North and South is an encouraging sign. Western governments also need to ease their demands on less developed countries to adopt strict, Western-style intellectual property laws. Intellectual property laws are a creature of the state, and while they can play a role in promoting creativity, they can also inhibit creativity and protect monopoly power. They need to be designed flexibly to match the pace of technical change in different markets and industries. If the West is serious about reducing global poverty, they need to follow up their rhetoric of freer markets with action. Conclusion Foreign aid generally does not promote economic development, for three main reasons. First, governments in developing countries have become dependent on aid, diverting it to government consumption while reducing their efforts at market reforms that would boost productivity and tax revenue in the rest of the economy. Second, donor countries have tied foreign aid to domestic interest group objectives and to international power politics; they have little interest in holding recipient countries accountable for achieving anything productive with aid. Finally, the driver of long-term economic growth is not more dams and factories and schools, the objects of most development assistance, but adoption of new technologies, broadly understood to include new ideas about how to organize work forces and production processes. Countries can attract FDI and promote homegrown

investment by credibly assuring investors that their assets are secure. These assurances are credible when political institutions constrain government officials in such a way as to make expropriation unthinkable. Therefore, developing countries can put themselves on the road to development with fundamental institutional reforms of that character. There may only be brief moments when a country will have an opportunity to create new, functional institutions that cannot easily be reversed in the future. Rather than doling out aid, the West can alleviate global poverty by ending their hypocrisy on free trade and opening their own economies to imports from less developed countries. This particular solution is not at all unthinkable; it is quite possible that Western governments will ultimately face a crisis of conscience on this issue and give in. Even if we grant to aid proponents that there have been some aid successes, the evidence shows that IMF structural adjustment loans, and foreign aid more generally, tend to cause more harm than good. If a policy is likely to fail, then it should be abandoned. Apart perhaps from emergency assistance and certain kinds of military aid, foreign aid should not be publicly funded. Hayek, George Selgin, Lawrence White, and others have also suggested free banking with privately issued, competing currencies, a system that would eliminate inflation because economic actors would divest themselves of weakening currencies in exchange for stable ones. Barro , *Determinants of Economic Growth*: Bates , *Markets and States in Tropical Africa*: University of California Press.

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There are various traditions in political economy, ranging from economic determinism and rational choice modelling to idea-grounded social constructivism (Mueller , Bates and Staniland).

Nothing is more illustrative of the inherently interdisciplinary nature of international relations inquiry than the nexus between economic and political factors. Although politics and economics have been studied separately for analytic purposes and as academic disciplines, and although each has its own paradigms, Historical development Political economy is a very old subject of intellectual inquiry but a relatively young academic discipline. The analysis of political economy in terms of the nature of state and market relations , both in practical terms and as moral philosophy , has been traced to Greek philosophers such as Plato and Aristotle as well as to the Scholastics and those who propounded a philosophy based on natural law. A critical development in the intellectual inquiry of political economy was the prominence in the 16th to the 18th century of the mercantilist school, which called for a strong role for the state in economic regulation. The writings of the Scottish economist Sir James Steuart, 4th Baronet Denham , whose *Inquiry into the Principles of Political Economy* is considered the first systematic work in English on economics, and the policies of Jean-Baptiste Colbert 1683 , controller general to Louis XIV of France, epitomize mercantilism in theory and in practice, respectively. Although the field itself was new, some of the ideas and approaches it drew upon were centuries old. Many works by political economists in the 18th century emphasized the role of individuals over that of the state and generally attacked mercantilism. Individuals intend to advance only their own welfare, Smith asserted, but in so doing they also advance the interests of society as if they were guided by an invisible hand. Arguments such as these gave credence to individual-centred analysis and policies to counter the state-centred theories of the mercantilists. His work in particular his concept of comparative advantage , which posited that states should produce and export only those goods that they can generate at a lower cost than other nations and import those goods that other countries can produce more efficiently extolled the benefits of free trade and was pivotal in undermining British mercantilism. In the mid 19th century communist historian and economist Karl Marx 1848 proposed a class-based analysis of political economy that culminated in his massive treatise *Das Kapital* , the first volume of which was published in 1867. The holistic study of political economy that characterizes the works of Smith, List, Marx, and others of their time was gradually eclipsed in the late 19th century by a group of more narrowly focused and methodologically conventional disciplines , each of which sought to throw light on particular elements of society, inevitably at the expense of a broader view of social interactions. By 1890, when English neoclassical economist Alfred Marshall 1842 published his textbook on the *Principles of Economics*, political economy as a distinct academic field had been essentially replaced in universities by the separate disciplines of economics, sociology, political science, and international relations. Marshall explicitly separated his subject economics or economic science from political economy, implicitly privileging the former over the latter, an act that reflected the general academic trend toward specialization along methodological lines. In the second half of the 20th century, as the social sciences especially economics but also political science became increasingly abstract, formal, and specialized in both focus and methodology , political economy was revived to provide a broader framework for understanding complex national and international problems and events. The field of political economy today encompasses several areas of study, including the politics of economic relations, domestic political and economic issues, the comparative study of political and economic systems, and international political economy. The emergence of international political economy, first within international relations and later as a distinct field of inquiry, marked the return of political economy to its roots as a holistic study of individuals, states, markets, and society. As many analyses by political economists have revealed, in actual government decision making there is often a tension between economic and political objectives. Since the 1970s, for example, the relationship between the United States and China has been replete with difficulties for both countries. China consistently has sought integration into the world economy an effort best illustrated by its successful campaign to join the World Trade Organization WTO but has resisted domestic political liberalization. This example

reflects the complex calculus involved as governments attempt to balance both their political and their economic interests and to ensure their own survival. Economics and political economy The relationship between political economy and the contemporary discipline of economics is particularly interesting, in part because both disciplines claim to be the descendants of the ideas of Smith, Hume, and John Stuart Mill. Whereas political economy, which was rooted in moral philosophy, was from the beginning very much a normative field of study, economics sought to become objective and value-free. Indeed, under the influence of Marshall, economists endeavoured to make their discipline like the 17th-century physics of Sir Isaac Newton

With the publication in of *Foundations of Economic Analysis* by Paul Samuelson , who brought complex mathematical tools to the study of economics, the bifurcation of political economy and economics was complete. Mainstream political economy had evolved into economic science, leaving its broader concerns far behind. The distinction between economics and political economy can be illustrated by their differing treatments of issues related to international trade. The economic analysis of tariff policies, for example, focuses on the impact of tariffs on the efficient use of scarce resources under a variety of different market environments , including perfect or pure competition several small suppliers , monopoly one supplier , monopsony one buyer , and oligopoly few suppliers. Different analytic frameworks examine the direct effects of tariffs as well as the effects on economic choices in related markets. Although ostensibly a value-free exercise, such economic analysis often implicitly assumes that policies that maximize the benefits accruing to economic actors are also preferable from a social point of view. In contrast to the pure economic analysis of tariff policies, political economic analysis examines the social, political, and economic pressures and interests that affect tariff policies and how these pressures influence the political process, taking into account a range of social priorities, international negotiating environments, development strategies, and philosophical perspectives. In particular, political economic analysis might take into account how tariffs can be used as a strategy to influence the pattern of national economic growth neo-mercantilism or biases in the global system of international trade that may favour developed countries over developing ones neo-Marxist analysis. Although political economy lacks a rigorous scientific method and an objective analytic framework, its broad perspective affords a deeper understanding of the many aspects of tariff policy that are not purely economic in nature. Much of this debate can be traced to the thought of the English political economist John Maynard Keynes , who argued in *The General Theory of Employment, Interest, and Money* that there exists an inverse relationship between unemployment and inflation and that governments should manipulate fiscal policy to ensure a balance between the two. The so-called Keynesian revolution, which occurred at a time when governments were attempting to ameliorate the effects of the worldwide Great Depression of the s, contributed to the rise of the welfare state and to an increase in the size of government relative to the private sector. Indeed, Keynesianism was practiced by countries of all political complexions, including those embracing capitalism e. Led by the American economist Milton Friedman and other proponents of monetarism the view that the chief determinant of economic growth is the supply of money rather than fiscal policy , neoliberals and others argued that the state should once again limit its role in the economy by selling off national industries and promoting free trade. Supporters of this approach, which influenced the policies of international financial institutions and governments throughout the world, maintained that free markets would generate continued prosperity. Opponents of neoliberalism have argued that the theory overlooks too many of the negative social and political consequences of free markets, including the creation of large disparities of wealth and damage to the environment. Since it went into effect in , the agreement has generated a good deal of controversy about whether it has created or eliminated jobs in the United States and Canada and about whether it has helped or harmed the environment, labour conditions, and local cultures in Mexico. Comparative political economy studies interactions between the state, markets, and society, both national and international. Both empirical and normative, it employs sophisticated analytic tools and methodologies in its investigations. Rational-choice theorists , for example, analyze individual behaviour and even the policies of states in terms of maximizing benefits and minimizing costs, and public-choice theorists focus on how policy choices are shaped or constrained by incentives built into the routines of public and private organizations. Modeling techniques adapted from econometrics are often applied to many different political economic

questions. Political economists attempting to understand domestic macroeconomic policy often study the influence of political institutions e. The influence of political and societal actors e. Comparative analysis also considers the extent to which international political and economic conditions increasingly blur the line between domestic and foreign policies in different countries. For example, in many countries trade policy no longer reflects strictly domestic objectives but also takes into account the trade policies of other governments and the directives of international financial institutions. Many sociologists focus on the impact that policies have on the public and the extent of public support that particular policies enjoy. Likewise, sociologists and some political scientists also are interested in the extent to which policies are generated primarily from above by elites or from below by the public. For many Marxists and contemporary adherents of varying strands of Marxist thought, government efforts to manage different parts of the economy are presumed to favour the moral order of bourgeois values. As in the case of tax policy, for example, government policies are assumed to support the interests of the rich or elites over those of the masses. Ultimately, comparative analysts may ask why countries in certain areas of the world play a particularly large role in the international economy. Comparative political economists also have investigated why some developing countries in Southeast Asia were relatively successful at generating economic growth whereas most African countries were not.

International political economy International political economy studies problems that arise from or are affected by the interaction of international politics, international economics, and different social systems e. Analytic approaches to international political economy tend to vary with the problem being examined. Issues can be viewed from several different theoretical perspectives, including the mercantilist, liberal, and structuralist Marxist or neo-Marxist perspectives. Mercantilists are closely related to realists, focusing on competing interests and capabilities of nation-states in a competitive struggle to achieve power and security. Liberals are optimistic about the ability of humans and states to construct peaceful relations and world order. Economic liberals, in particular, would limit the role of the state in the economy in order to let market forces decide political and social outcomes. Structuralist ideas are rooted in Marxist analysis and focus on how the dominant economic structures of society affect i. Each of these perspectives is often applied to problems at several different levels of analysis that point to complex root causes of conflict traced to human nature the individual level, national interests the national level, and the structure of the international system which lacks a single sovereign to prevent war. For example, analysis of U. Similarly, domestic and international interests are linked by trade, finance, and other factors in the case of financial crises in developing countries such as Thailand and Argentina. The distinction between foreign and domestic becomes as uncertain as the distinction between economics and politics in a world where foreign economic crises affect domestic political and economic interests through trade and financial linkages or through changes in security arrangements or migrant flows. Contemporary international political economy appeared as a subfield of the study of international relations during the era of Cold War rivalry between the Soviet Union and the United States “ Analyses initially focused largely on international security but later came to include economic security and the role of market actors”including multinational corporations, international banks, cartels e. International political economy grew in importance as a result of various dramatic international economic events, such as the collapse of the Bretton Woods international monetary system in and the oil crisis of “ During the early period of the Cold War, political scientists emphasized the realist, or power politics, dimension of U. During the Vietnam War, however, a growing decrease in the value of the U. Secretary of State Henry A. Kissinger found himself unable to understand the issues without the assistance of an economist. These events led to a search for a multidisciplinary approach or outlook that borrowed different theories, concepts, and ideas from political science and international relations”as well as from economics and sociology”to explain a variety of complicated international problems and issues. It did not so much result in the development of a new school of political economy as emphasize the continued relevance of the older, more-integrated type of analysis, which explicitly sought to trace the connections between political and economic factors. In the late s and continuing into the s, many development experts from a structuralist point of view including many Marxists and neo-Marxists posited a variety of explanations as to why many developing countries did not seem to develop or change much. For example, the German-born economist Andre Gunder Frank made popular the

idea that, when developing countries connect to the West, they become underdeveloped. Social theorist and economist Immanuel Wallerstein , whose works have made a lasting impact on the study of the historical development of the world capitalist system, argued that development does occur but only for a small number of semiperipheral states and not for those peripheral states that remain the providers of natural resources and raw materials to the developed industrial core states. Such themes were evident in the s and the early 21st century when a number of politically and economically powerful and mostly Western multinational corporations were accused of exploiting women and children in unsanitary and unsafe working conditions in their factories in developing countries.

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political economy effects of remittances are complex, contradictory, and not amenable to generalizations (as is the case with other international capital flows to the developing world).