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EER

TABLE OF CONTENTS

ABOUT EER

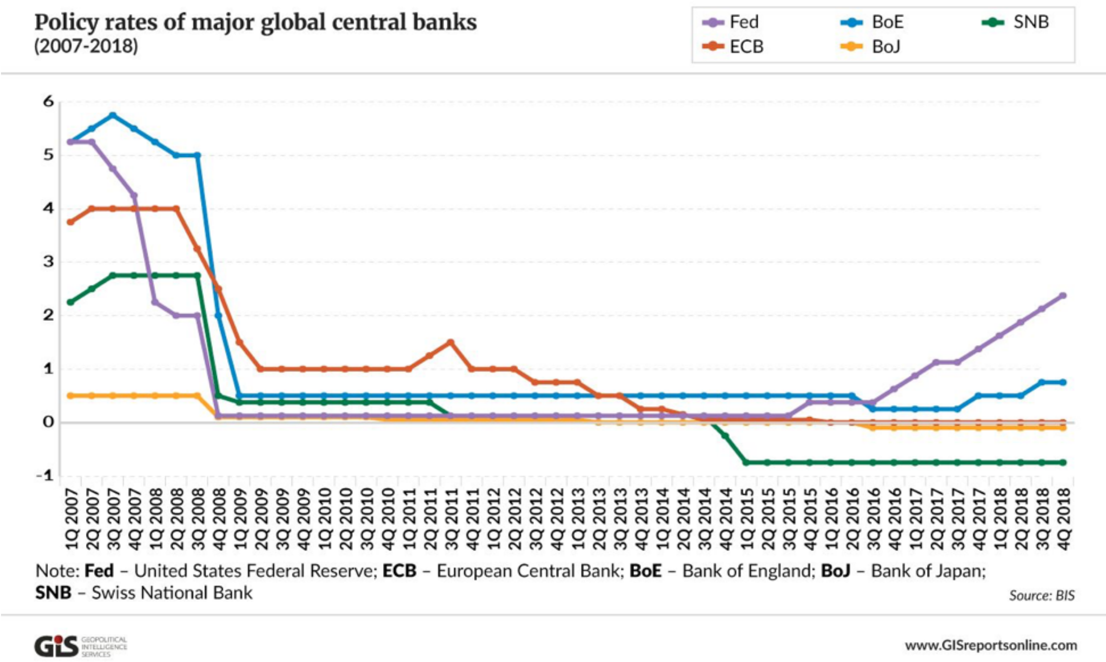
Emory Economics Review (EER) is a student-run publication that exists as a sub-division of Economics Student Society (ESS) at Emory University.

EER strives to facilitate active discussion on contemporary economic issues and new research findings through publishing students' opinion pieces and research papers.

The articles submitted by EER writers are carefully reviewed by student editors and get published on the website: www.emoryeconomicsreview.org as well as on a physical copy each semester.

TRUMP'S PUSH FOR NEGATIVE RATES ENHANCES CONTROVERSY OVER FED FUNDS RATE

Andrew McArthur
Edited by Jian Xu



The United States' economy seems to be easing off its longest bull market trend in history. This period of economic expansion celebrated its 10-year anniversary in March 2019, beginning from the post-crisis low in March of 2009[1]. However, investor confidence is diminishing in the US and around the globe. This is a result of an apparent world-wide economic slowdown, hastened domestically by ongoing trade conflicts between the U.S. and China. Combined with slowing quarterly economic growth indicators, such as a two-month consecutive decline in the leading economic index[2], global leaders are taking action to reassure the public that measures are being taken to mitigate this downturn. Should we listen to the Donald Trump's call for interest rates to be significantly lowered?

1 James Chen, CMT. "Market Milestones as the Bull Market Turns 10." Investopedia, Investopedia, 16 Oct. 2019, https://www.investopedia.com/market-milestones-as-the-bull-market-turns-10-4588903.

2 Bartash, Jeffry. "Leading Economic Indicators Fall for 2nd Straight Month, Point to Slower U.S. Growth." MarketWatch, 18 Oct. 2019, https://www.marketwatch.com/story/leading-economic-indicators-fall-for-2nd-straight-month-point-to-slower-us-growth-2019-10-18.

Over the past year, the U.S. Federal Reserve has cut its target interest rate from 2.5% to just shy of 1.75%. The reason is to bolster the U.S. economy against the slowdown which has already been deeply affecting Europe, to the extent that multiple nations of that continent have implemented federal funds rates at or below zero[3]. The President of the United has continued to harass the leaders of the Fed for their passivity and lack of urgency in handling this world-wide economic slowdown, tweeting that interest rates should be lowered into the negatives. In this same tweet from September of 2019, Trump calls for "No Inflation!" and suggests the leaders of the Fed are "Boneheads" for refusing to budge further[4].

3 DeCambre, Mark. "Why Would the Fed Cut Interest Rates a 3rd Time in a Row Even as Stocks near Records? Investors May Soon Find Out." MarketWatch, 30 Oct. 2019, https://www.marketwatch.com/story/why-would-the-fed-cut-interest-rates-a-3rd-time-in-a-row-even-as-stocks-near-records-investors-may-soon-find-out-2019-10-27.

4 Trump, Donald J. Sep. 11, 2019 https://twitter.com/realDonaldTrump/status/1171735692428419072?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1171735692428419072&ref_url=https%3A%2F%2Fwww.marketwatch.com%2Fstory%2Ftrump-tweets-support-for-negative-interest-rates-2019-09-11

What direction will the Fed take from here on? Further steps have been considered extreme. However, should calls for sub-zero interest rates be taken seriously?

Setting lower interest rates is an expansionary monetary policy that increases spending and demand for loanable funds. Firms prefer to invest in capital assets when borrowing is cheap rather than lending to other firms. Firms would lend by buying stocks and bonds or saving their money in banks, and banks use firms' saving to lend money. Lowering interest rates spurs nations to save less and spend more. It is a last-ditch attempt at reversing the effects of the paradox of thrift, which is the instinct of a household to limit spending during a recession. The limited spending furthers the recession by lowering demand for all goods and services.

A horrible Japanese recession began in 1991, and the nation has suffered from chronically low inflation, primarily hovering around 0% ±1 ever since[5] . Japan's negative interest rates aimed at attacking its deflation and 25-year stagnant economy. To paint a picture of just how poor economic growth has been, Japan's 2018 GDP per capita was 10% lower than it was in 1995. The Bank of Japan set interest rates to zero in 1999, and in 2016 they went below zero. The Federal Reserve Bank of San Francisco analyzed the past four years of Japan's economic activity, and According to their data, investors in government bonds expected more deflation after the BOJ's move in 2016. Since then inflation expectations have only rebounded in the slightest. The FRBSF suggested, "using caution when considering the efficacy of negative rates as expansionary policy tools under well-anchored inflation expectations," in its conclusion[6].

In the Eurozone, five years into what was supposed to be a temporary stimulus injection using negative interest rates, the European Central Bank might push rates even lower. According to a recent Bloomberg article, they're blamed for "weakening banks, expropriating savers, keeping dying companies on life support, and fueling an unsustainable surge in corporate debt and asset prices."[7] However, European central bankers are confident that had they not implemented such measures, the surrounding economies would be far worse off.

The U.S. Federal Reserve has been able to keep inflation rates well within a normal range, in recent history. Additionally, six major economic research organizations, including the IMF, OECD, Federal Open Market Committee, and USDA, project U.S. inflation to remain at 2% ±0.3 for the next 1-10 years. Why does the U.S. President want to lower interest rates?

Trump's level of involvement in attempting to sway the Federal Reserve Board has little precedence in U.S. history among U.S. presidents.[8] His efforts to sway the Fed have been consistent and concerted. Trump stands to benefit from lower interest rates in two blatant ways. Firstly, Trump would have a difficult time getting reelected if the economy experienced an economic downturn within the next year. A no-brain reelection strategy is to seek short-term economic gains as election season approaches. Second, according to a Bloomberg analysis, "Every quarter-point move by the Fed changes Trump's [business's] annual interest payments by an estimated $850,000," which totaled to $17.1 million dollars back in August 2019. Trump's proprietary company holds assets financed by some $340 million in floating-rate loans.[9]

Lowering target interest rates to zero or lower has not demonstrated success in aiding deflating economies in Japan or Europe. The motives behind the U.S. President's push for lower interest rates appear extremely dubious and should be taken with a grain of salt because of his ongoing reelection campaign and his company's position to reclaim millions per year in annual interest payments. Use of this uncommon monetary policy should only be undertaken with extreme prudence and only when deemed appropriate by the economists selected to maintain our economy.

5 Inflation.eu, https://www.inflation.eu/inflation-rates/japan/historic-inflation/cpi-inflation-japan.aspx. 22 Jan. 2020.

6 "Negative Interest Rates and Inflation Expectations in Japan." Federal Reserve Bank of San Francisco, FRBSF, 26 Aug. 2019, https://www.frbsf.org/economic-research/publications/economic-letter/2019/august/negative-interest-rates-inflation-expectations-japan/.

7 Bosely, Catherine. "Europe Dived Into Negative Rates and Now It Can't Find a Way Out." Bloomberg.com, Bloomberg, 17 July 2019, https://www.bloomberg.com/news/articles/2019-07-17/europe-dived-into-negative-rates-and-now-it-can-t-find-a-way-out.

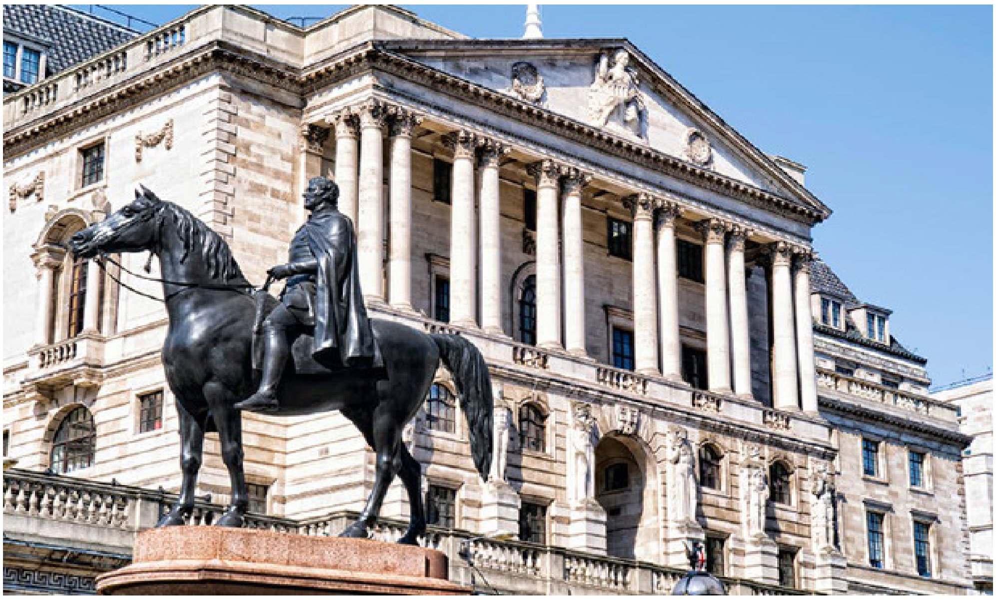
8 Cox, Jeff. "Trump's Fed Criticism Is Nearly without Precedent in US History." CNBC, 19 July 2018, https://www.cnbc.com/2018/07/19/trumps-fed-criticism-is-nearly-without-precedent-in-us-history.html.

9 Nasiripour, Shahien. "Trump Saves About $1 Million With Powell's Interest Rate Cut." Bloomberg.com, Bloomberg, 2 Aug. 2019, www.bloomberg.com/news/articles/2019-08-02/trump-saves-about-1-million-with-powell-s-interest-rate-cut.

Emory Economics Review

THE BANK OF THE CROWN: THE PROFOUND AND CONTINUED IMPORTANCE OF THE BANK OF ENGLAND FROM 1694 TO 2020

Nicholas Trimble
Edited by Belicia Rodriguez and Urvi Agrawal



Bank of England, https://www.spectator.co.uk/2018/07/how-easy-is-it-to-break-into-the-bank-of-england/

Politics and banking have been closely linked since the beginning of history. The power to control our economic progress granted to politicians is a significant responsibility. This power can win elections, marginalize unfavorable political groups, and alter the course of human history. Acts such as injecting liquidity into the markets shortly before an election to prop up the economy to attract votes greatly endanger the long-term safety of the global economy. For this reason, the creation of an independent central bank is not only needed but, arguably, necessary for a nation to survive.

The creation of the Bank of England in 1694, chartered by King William III and Queen Mary II, was one of the first examples of a nation separating its monetary policy from politics. The Bank was created to pay for expenses arising from British military conflicts. England had roughly 1.2 million pounds[1] outstanding in military payments to rebuild their navy during their involvement in the War of the Grand Alliance (1689-97)[2] against Louis XIV's French army. The balance of power between the Habsburg (Spain and Austria-Hungary) and Bourbon (France) dynasties was paramount to the stability of Europe, so while it was a costly conflict for the British to enter, as made evident by their need for financing through a national bank, it was also a necessary conflict to provide support to their allies.

While the bank was ultimately created to fund political missions of the crown, it is important to recognize the shift in decision-making and economic power from the King and Queen to a separate, independent institution. Throughout the 18th and 19th century, the bank gave the crown

1 Duggan, Wayne. "This Day In Market History: Bank Of England Founded." Benzinga, 27 July 2018, www.benzinga.com/general/education/18/07/12090364/this-day-in-market-history-bank-of-england-founded.

2 The Editors of Encyclopaedia Britannica. "War of the Grand Alliance." Encyclopædia Britannica, 13 Dec. 2016, www.britannica.com/event/War-of-the-Grand-Alliance.

financial leverage over many other countries. In addition, the creation of the Bank had a direct cause on the rapid rise of the British economy and military in the early-18th century. Although many point towards British colonialism and the abundance of natural resources as the reasons for why England was the first nation to industrialize, it was actually Britain's complex and institutionalized public capital system that launched the British economy to the forefront of industrialization.

The technical components of the Bank of England were created by Charles Montagu, a member of Parliament elected in 1689. England found itself in a global monetary crisis in the early-1680's. There was a massive decline in the supply of gold and silver which squeezed the liquidity of the global economy. The Crown was unable to pay for their aforementioned military expenses from government revenues which left them in a difficult situation. King William III initially searched for a solution in the private markets, but after determining that there was not enough available capital, they had to refinance the debt through the Bank of England. Montagu and other financial leaders in Parliament proposed the idea of banknotes backed by the bank's credit, becoming the first country to do so. This innovative idea allowed for England to quickly find the capital needed to rebuild their naval fleet, as private investors swiftly picked up all of banknotes on the open market.

The Bank ultimately provided long-term wealth and stability to the British economy, but also fundamentally changed the relationship between financial institutions and commoners. The founding mission[3] of the Bank was to "promote the public Good and Benefit of our People." It was not the "state" market anymore but rather the "public" market, an interesting development that could be extrapolated as an early example of Enlightenment thought. The creation of the Bank signified a shift of power from the ruling class to the people: an important theme of the succeeding political and social movements in 18th century Europe.

While many argue that British colonialism and their abundance of natural resources were the primary drivers of European industrialization, it should be noted that these two elements go hand in hand. As Great Britain expanded its empire across the world into territories such as India, the Americas, and Africa, acquiring natural resources, specifically precious metals, was a key motivator in their imperialistic efforts. The British economy was one of the most, if not the most, powerful economies in the 17th century due to their stock pile of gold, silver, and other valuable commodities. This supply gave them the leverage in international trade to receive favorable deals that allowed them to further expand. For example, while the Dutch and other notable European economies had to rely on promissory notes, or wisselbrief, when trading, Great Britain's money supply was large enough to trade in real money. British reliance on gold and silver, however, made them overly exposed in the supply shortages of the late-1600's. The Bank of England mitigated the downside of a potential global economic disaster, though, by introducing banknotes and actively managing the money supply. In turn, this means that the Bank controlled the so-called drivers of industrialization from causing a massive global economic crisis. From this, it seems apparent that the Bank of England was actually the determining catalyst in the system of British industrialization--while the supply of natural resources and colonialism were mere long-term developing inputs into the system.

Most importantly, the Bank of England cultivated British innovative spirit. Before 1694, there were no public capital markets for entrepreneurs in England. This left many Britons beholden to high rates[4] and constricting terms-of-trade from private market financiers. Also, private capital was traditionally reserved for upper-class nobles[5]

3 "Our History." Bank of England, 23 Jan. 2020, www.bankofengland.co.uk/about/history.

4 Rogers, Simon. "Interest Rates in the UK since 1694." The Guardian, 10 Jan. 2013, www.theguardian.com/news/datablog/2011/jan/13/interest-rates-uk-since-1694.

5 Spielvogel, Jackson J. Western Civilization: Volume II since 1500. 9th ed., Thomson Wadsworth, 2006, Google Books, books.google.com/books?id=HYscCgAAQBAJ&pg=PT218&lpg=PT218&dq=financing+british+nobles+before+bank+of+england&source=bl&ots=c4YDbVo6TL&sig=ACfU3U2Rtuk16A8wEUBhWdgp9RNElnLQQA&hl=en&sa=X&ved=2ahUKEwjk-_CClbblAhVDn-AKHX8vAOQQ6AEwC3oECAcQAQ#v=onepage&q=financing%20british%20nobles%20before%20bank%20of%20england&f=false.

that had connections within the British financial system. Because of the Bank, those lower on Britain's social hierarchy were now integrated into the production and innovation economy of the 18th century. Entrepreneurs across social classes now had access to capital.

The Bank of England institutionalized entrepreneurship in the British economy by funding entrepreneurs and their factories, product development, and research projects. This system of institutionalization was a major driver in British industrialization because people were now able to acquire capital to build factories across England and increase the means of production. If it were not for this availability of public capital, it is very unlikely that the British would have been the first to industrialize.

Beyond the economic implications of the Bank, it was also a source of power and pride for the British. France, for example, borrowed the Bank of England's model to create the Banque de France[6] in 1800 to stabilize the currency after a period of hyperinflation from the French Revolution. The British felt a sense of financial ingenuity and superiority as they watched countries borrow their model.

6 Bordo, Michael. A Brief History of Central Banks. Federal Reserve Bank of Cleveland, 1 Dec. 2007, www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/economic-commentary-archives/2007-economic-commentaries/ec-20071201-a-brief-history-of-central-banks.aspx.

The separation between central banking and politics has been called into question in the last few years, as United States President Donald Trump has become more vocal and critical of the Federal Reserve's monetary policy. President Trump has continually urged Fed Chair Jerome Powell to cut interest rates and boost quantitative easing. While Powell has not made significant policy changes on quantitative easing, the Fed lowered borrowing costs by 75 basis points in 2019. Many questions the Fed's motives for these cuts and if they were swayed by political pressure.

It should be noted that the rate cuts continued the longest economic expansion in U.S. history, so from an economic standpoint, many argue that they were the right decision on the Fed's part. While others contest the Fed's decisions citing current short- and long-term liquidity issues which has been addressed through abundant overnight borrowing in the money markets.

Similar to the British in the early-18th century, politicians still exert a degree of control over the central bank, so while the goal may be to completely separate monetary policy and politics, there will be some degree of overlap for the immediate time being.

U.S. President Donald Trump looks on as Jerome Powell, his nominee to become chairman of the U.S. Federal Reserve, speaks at the White House in Washington, U.S., November 2, 2017. REUTERS/Carlos Barria

Emory Economics Review

DOES AMERICA NEED A WEALTH TAX?

Grace Kang
Edited by Matthew Takavarasha and David Casazza

In response to the severity of income and wealth inequality in the U.S., presidential candidates have made calls for actions to close the widening gap between rich and poor. The two most progressive Democratic candidates - Elizabeth Warren and Bernie Sanders – have proposed new tax plans to impose increased income taxes on "ultra-rich" Americans. Wealth taxes could work in the US, bringing trillions of dollars to the US government, with the right implementations. However, it is crucial to deliberate what implications wealth taxes have on society, as well as the economy.

While the middle class is still struggling to recover from the Great Recession, the rich have only been getting richer. According to the Census Bureau, the gap between the richest and the poorest U.S. households has hit a record high since 1967. The top three wealthiest Americans - Jeff Bezos, Warren Buffet, and Bill Gates- have more wealth than the bottom half of the country.[1] Nonetheless, the current U.S. tax system is heavily in favor of the wealthy and corporations, only aggravating income inequality.

The problems don't end with income inequality - The 2017 Republican tax cut bill, contrary to Mnuchin's previous claim that it would "cut down the deficits by a trillion dollars,"[2] has led to a federal budget deficit of $779 billion in fiscal 2018, which was up 17 perceant from the prior year. [3]

In an effort to alleviate the situation, Democrats are envisioning drastic overhauls to current tax laws. The central campaign goal of Senator Elizabeth Warren and Senator Bernie Sanders - seen as two of the most progressive candidates for the Democratic presidential nomination - is to impose wealth taxes on the rich. If implemented, a wealth tax could help close the gap between the rich and the poor.

Senator Warren's proposal to tax wealth,[4] not

1 Bokat-lindell, Spencer. "Do We Need a Wealth Tax?" The New York Times, The New York Times, 26 Sept. 2019, www.nytimes.com/2019/09/26/opinion/wealth-tax-warren-sanders.html?auth=login-email&login=email.

2 Lawler, Joseph, and Susan Walsh. "Steven Mnuchin: GOP Tax Reform Will Cut Deficits by $1 Trillion." Washington Examiner, Washington Examiner, 28 Sept. 2017, www.washington-examiner.com/steven-mnuchin-gop-tax-reform-will-cut-deficits-by-1-trillion.

3 Stewart, Emily. "What the Republican Tax Bill Did - and Didn't - Do, One Year Later." Vox, Vox, 22 Dec. 2018, www.vox.com/policy-and-politics/2018/12/18/18146253/tax-cuts-and-jobs-act-stock-market-economy.

4 Nelson. "Democrats Want to Tax the Rich. Here's

just income, included a 2 percent tax on assets above $50 million and 3 percent above $1 billion. Sanders' plan goes even further by taxing up to 8 percent for wealth above $10 billion, starting at 1 percent rate on all wealth greater than $32 million. According to Emmanuel Saez and Gabriel Zucman, economists at the University of California, Berkeley, these plans are expected to raise $2.6 trillion and $4.35 trillion, respectively, over a decade if implemented.

However, even if Congress translates these plans into action, some individuals subjected to wealth taxes would invariably attempt to find loopholes to these new tax laws. The most obvious method would to simply take their assets and leave the country. Yes, both Sanders' and Warren's plans include an exit tax of 40 percent on the net worth on those renouncing US citizenship, but some will still choose this route to avoid the larger cost of taxes over time. We will have to consider the likelihood and cost of evasion. If wealth taxes lead to evasions, the possibility of raising an estimate of $4.35 trillion over a decade is questionable, and it might not be any better than current tax laws. Would wealth taxes even work in the US?

Skeptics of such proposed policies point out the failure many European countries have experienced with wealth taxes. France, Germany, and Sweden were among twelve countries that implemented wealth taxes in the 1990's. All swiftly dropped their taxes, witnessing multiplicitous cases of evasion. For instance, IKEA founder Ingvar Kamprad, the richest man in Sweden, left the country in the early 1970's to avoid wealth tax. In 2014, seven years after Sweden abandoned a wealth tax, he returned. Now, wealth taxes survive in only 3 European countries – Norway, Spain, and Switzerland.

How Those Plans Would Work (or Not)." The New York Times, The New York Times, 24 Sept. 2019, www.nytimes.com/interactive/2019/09/24/business/economy/wealth-tax-rich.html?module=inline.

Advocates claim that the situation in the US is different. First, citizens of the United States cannot escape from tax liabilities simply by fleeing out of the country. Every US citizen, regardless of the country of his or her residence, must pay taxes to the Internal Revenue Services. On the other hand, European Union member states do not tax their nationals residing in foreign countries. So to avoid taxation, U.S. billionaires would have to revoke their U.S. citizenship. European wealth taxes also included various deductions and exemptions, which are unlikely under the plans of Warren and Sanders due to a much narrower population targeted for such taxes.

One serious concern with wealth taxes is the difficulty of asset valuation. To tax on wealth using the fairest method, we need a better measure to value assets with extreme volatility. Although Sanders' plan provides the following guidance:

> "For assets that are difficult to appraise, the Treasury Department would have the option of allowing taxpayers to have appraisals done periodically instead of annually. The Treasury Department would establish the average rates of appreciation for several classes of assets. Those appraised only every few years would be assumed to appreciate in the intervening years at the average rate established for their designated class,"

the accuracy of measurement is questionable. Also, the assessment of asset ownership seems troublesome – could the tax authorities rely on taxpayers to report their own asset holdings voluntarily?

With such concern, wealth taxes could hurt the US economy by discouraging the healthy savings of the rich. Clearly, further research is required to establish the viability and efficacy of such programs, particularly before they are implemented at the national level.

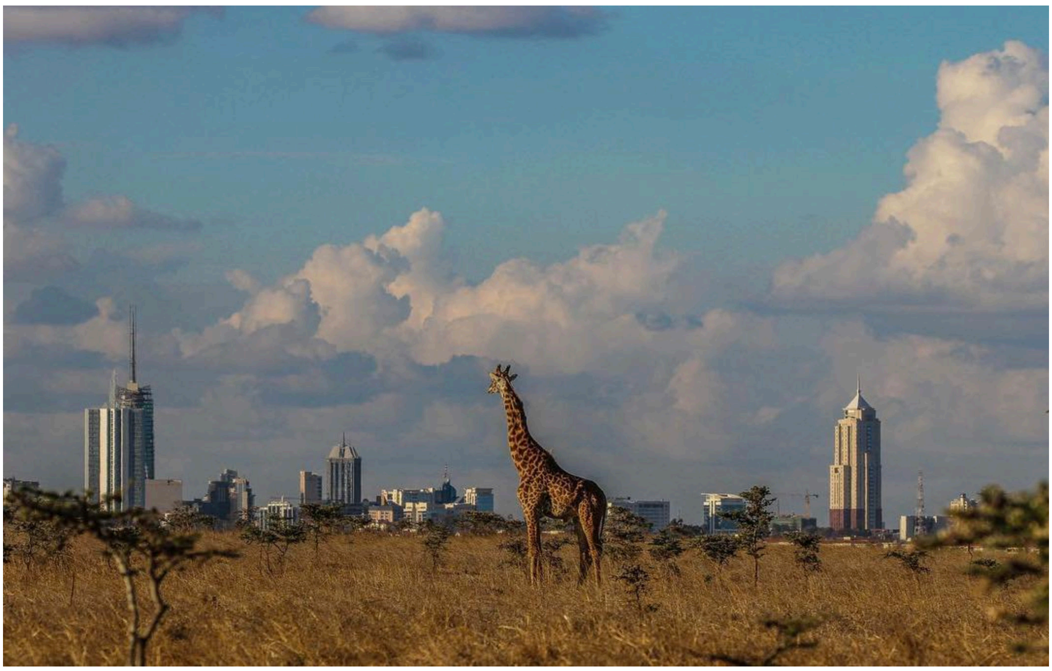
Emory Economics Review

LIMITATIONS ON GROWTH FOR STATES IN SUB-SAHARAN AFRICA

Ankita John
Edited by Matthew Takavarasha, David Casazza

Since the 2008 financial crisis, the global economy has gone through a growth in the contribution of developing countries to the global economy. These countries contribute to over 78% of the world's economic growth with Sub Saharan Africa being a major part of this development. Yet in today's world, developing countries face threats to their growth that currently developed countries were exempt from. As a result, Sub-Saharan Africa has been receiving a significant amount of aid from foreign powers in order to cope with extraneous threats like climate change and over population. Bilateral U.S. development assistance to sub-Saharan Africa roughly quadrupled from $1.94 billion in 2002 to a $7.08 billion in 2012. Yet despite the aid, the region still remains the most undeveloped in the world. In 2018 Africa's GDP grew by 3.5% and was predicted to grow by 4% in 2019. Although this growth is far higher than the growth achieved by other emerging nations, it still remains insufficient in aiding the high levels of unemployment and poverty that currently plague the continent. States like Kenya have received some of the highest amounts of aid in Sub-Saharan Africa. In 2014, Kenya received $2.7 billion (2) from the international community yet, there remain several issues as to why the aid received has not become a catalyst for the potential growth the country aims to achieve. Kenya is currently facing the economic growth that several other African states are expected or aiming to achieve, yet this growth remains far from sustainable in the long run. Through exploring the limitations to Kenya's growth, we can aim to identify the hindrances faced by many other regions within Sub Saharan Africa. Only through this can the international system come up with the adequate policies and methods of aid that actually benefit these developing countries in the long run.

One of the reasons for Kenya's limited growth over time is due to the sheer growth in population



levels. Although the growth in population may result in long term advantages like an increase in the working population and a possibility of a rise in economic growth, there still remain a myriad of short term impacts that drastically effect the Kenyan economy. Kenya has a population of 44 million, 42% of which live below the poverty line with minimal access to healthcare, education and clean water. Additionally, Kenya has faced a near doubling in its population over the last 25 years. This can then increase the financial burden on the state to provide necessities such as education and healthcare, for the surplus of people. Contrastingly, however, it is also shown that, theoretically, an increase in population could result in the production and consumption of more goods and services, thus resulting in economic growth.

However, the issue remains that for this to occur there needs to be a viable number of jobs in the economy. Yet with Kenya's weak education system where "51% of graduates are believed to be unfit for jobs" the population is at risk of being undesirable to potential employers. There are also a large number of companies leaving Kenya and other African countries as a result of increasing legislation within the continent. As a result, there remains a shortage of adequate jobs for the growing Kenyan population. There is also a significant time lag with the increase as economic growth as it takes time for individuals to complete their education and join the workforce and thus earn and spend more in the economy. The lack of sufficient resources for countries like Kenya results in the working population not being at its fullest potential and thus hindering the growth that the region can achieve in the short run.

Another hindrance to the growth of Kenya has been the sheer amount of corruption that exists within its political system. A particular example of drastic corruption would be when billions of shillings were embezzled away from the Nation Youth Service, an organization that provides youth vocational training. This money is now no longer invested in helping train the youth of Kenya that currently remain severely underskilled, hence, showcasing how corruption compromises people's futures and their development. The other harm of corruption is that the majority of the money provided for the purpose of aid is directed towards an elite group of people instead of the majority in dire need of resources. The Global Financial Integrity has reported that "from 2005 to 2014 Africa lost between USD$36 billion and USD$69 billion in illicit financial flows". This amount is nearly 74% of the financing required to develop the infrastructure required to sustain Africa's development. Corruption results in the misallocation of monetary resources, consequently, limiting the growth that Sub Saharan Africa.

While there remain other prominent issues that limit the growth of Sub Saharan Africa, population growth and corruption remain the most prominent. For foreign aid to be effective in Sub Saharan Africa, there must be a primary effort to reducing the level of corruption within the economy. Diminishing corruption levels will increase the effectiveness of aid provided to states. Once this occurs, aid should be directed towards improving human capital through investing in the provision of basic necessities and training and education. Through doing this the quality of human capital will rapidly increase thus promoting foreign companies to invest in these developing regions and create greater job opportunities. This process will then lead to an economic boom in the region. Nevertheless, the constant practice of corruption will continue to be plagued with diminished growth levels well into the foreseeable future. [1]

1. Ingram , George, and Steven Rocker. "U.S. Development Assistance and Sub-Saharan Africa: Opportunities for Engagement." Brookings, 3 Apr. 2013, www.brookings.edu/research/u-s-development-assistance-and-sub-saharan-africa-opportunities-for-engagement/.
2. Pityana, Sipho M, and AngloGold Ashanti. "How Africa Can Secure Its Long-Term Economic Growth." World Economic Forum, www.weforum.org/agenda/2019/09/how-africa-can-secure-its-long-term-economic-growth/.
3. Project, Borgen. "A Look at U.S. Foreign Aid in Kenya." The Borgen Project, Borgen Project Https://Borgenproject.org/Wp-Content/Uploads/The_Borgen_Project_Logo_small.Jpg, 13 Jan. 2017, borgenproject.org/a-look-at-foreign-aid-in-kenya/.