

Dead Aid by Dambisa Moyo



Review by JP Kloninger

This is a concise, to the point short book about how “there is a better way for Africa”, and the developing world in general, compared to the traditional forms of international aid given primarily by rich OECD countries. Ms. Moyo really underscores how international development aid has in many ways become a huge, wasteful, ineffective and largely self-serving industry, with little and certainly inefficient impact on the economies and people they intend/pretend to serve.

Dead Aid is coherently subdivided into two parts, one depicting the history and status quo of aid, and another suggesting how “a world without aid” might operate and look. As a true economist, Ms. Moyo creates a fictitious, representative African developing nation, “The Republic of Dongo”, which exhibits many characteristics shared by developing countries, and illustrates how new, alternative, innovative, and often simpler programs (such as microfinance, of course) can help create more beneficially impactful and efficient change for Africa’s, and the world’s, poor.

Part I lets us take a peek “under the hood” of the giant international aid arena as it has been for the past several decades, since the development forefathers at Bretton Woods drafted a plan to reconstruct post-world war Europe. While the World Bank and IMF were quite successful in the initial efforts for which they were created, their more recent record and success are much less certain... in fact they are decidedly worse than in the early years -- so much so that these institutions’ existence as they now stand has increasingly been put into question over the past couple of decades.

One topic that the author covers and emphasizes as a reference point and [albeit not perfect] benchmark for how international development should be approached in Africa, is the presence of Chinese investment (note I’m not using the word “aid” on purpose here) in the continent. Ms. Moyo demonstrates how self-interested commerce and investment by the Chinese, in areas such as infrastructure development (transportation, financial, communications, etc.), energy/petroleum purchasing, and the general trade of goods and services between these two global regions, have contributed positively to the overall well-being of the average African in a fraction of the time, at a fraction of the “cost” of traditional aid programs.

I personally have long been a firm believer in the benefits from increasingly open trade. One of my favorite mottos is from my alma mater Claremont McKenna College: *Crescit cum commercio civitas* – Civilization prospers with commerce. It indeed does; and Ms. Moyo proves and supports the notion most in chapter 8 of Dead Aid: “Let’s Trade”. She suggests that a focus on freeing up trade and making it easier and cheaper for any African to do business with the rest of the world, has an effect that is greater than a straight sum of its parts, and that it is certainly a focus that can be much more effective

than the entrenched dependency that traditional aid creates. She further illustrates the devastating effects that subsidies can have: "... each European Union cow gets US\$2.50 a day in subsidies, more than what a billion people, many of them Africans, each have to live on every day." Imagine how many potentially millions of people could benefit from lifting such barriers; and benefit in long-term fashion and in such greater economic magnitude as compared to the small, relatively short-term costs that a few subsidized Europeans might have to bear!

Additionally, Ms. Moyo highlights the fundamental need for a thriving small and medium enterprise (SME) sector. In developed nations such as Japan, Denmark, Italy, and Greece, SME's account for 60-80% of the countries' economies, while in Africa this share hovers closer to the 40% level and less... even as low as 20% in Cameroon. The entrepreneurs, the true economic engines of the SME sector, can flourish with simple governmental measures (or lack of, perhaps), thus improving the well-being of the country and its people as a whole.

I thoroughly enjoyed this read. The author really convinced me that aid as we have known it is – or should largely be – dead. I appreciated the book all the way up to its culminating, inspiring call-to-action:

The best time to plant a tree is twenty years ago.
The second-best time is now.

African proverb