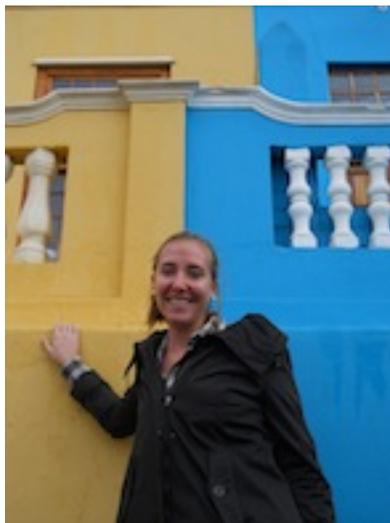


How the West was Lost by Dambisa Moyo



Review by: Claire Kelly

In How the West was Lost, Dambisa Moyo outlines her theory of declining western economies and the rise of “the rest” –primarily China, India, Russia and Brazil. It is about how US policy – everything from the economic practices set in motion at Bretton Woods to a neglect of education & infrastructure and dependence on foreign oil -- has created a western culture which consumes more product than it creates and finances the massive consumption with debt. She argues that the US is now in danger of losing its prime position as the world’s super power and nothing short of massive government intervention can reverse the trend.

I wanted to read How the West was Lost because I found Dambisa Moyo’s book Dead Aid to be both informative and encouraging. She suggests positive ways that aid could be restructured and poverty alleviated. In contrast, How the West was Lost is more about problems than viable solutions.

Moyo details China’s journey up the economic ladder. For example, “In just 30 years China has shifted some 300 million of its people from abject poverty and wretched indigene to economic standards that rival the West’s – a feat unprecedented in the history of the world,” (19). Most of the economic strides have been made by China playing by a different set of rules, acting as a volume maximize instead of a profit maximizer. Moyo argues that A US economy focusing on comparative advantage cannot compete with a Chinese economy seeking an absolute advantage in foreign trade.

In contrast to China’s rising star, she describes a sagging US economy. Infrastructure is in grave need of upgrade and repair. The US is not doing a good job educating its youth, especially minority and low income youth. Instead of encouraging science and technology education, the majority of graduates who hold degrees in science and engineering aren’t actually employed in that sector. We are in danger of letting what has been a comparative advantage in

research and development slip both because the R&D isn't adequately protected and because there isn't continuing emphasis on science and technology education.

While America has neglected aspects of national economic development, it has been allowing other nations to benefit from free services, like policing sea lanes. "Over the long term, America and the west cannot afford to be guardians and subsidizers of the world; and as with other global public goods, they should take a more aggressive stance in making others help underwrite the true R&D costs," (115).

Moyo regards the 2008 recession as failure of western private enterprise. "What became brutally clear in 2008 was that self-restraint was the one thing the market could not be trusted to exercise." She envisions a government with the power and flexibility to act quickly in a crisis and reshape the economic policy but doubts that Americans will be willing to relinquish any of the Constitution's power checks.

Meanwhile, much of China's rapid gain has been based upon the government's unchecked authority. "In the emerging world, the state's reach seems to know no bounds; the collective state is paramount and takes precedence over any individual, contravening the Western dogma that the individual is king."

In addition to those national problems, the world in general is facing tough challenges such as food security, epidemic disease and pollution. The most important question is the extent to which nations and the world together can address these issues. Food security is a particularly relevant example of this which I found myself thinking about after my recent visit to One Acre Fund in East Africa. Mayo says, "With 80% of the world's remaining untilled arable land in Africa it's not just about competition, but about security, the side effect of food inflation as food scarcity becomes a relative certainty" (170). One Acre Fund works to increase individual farmers' output in order to address food security and poverty at a local level. But, in the big picture, food security is an increasingly global issue.

Considering that her thesis in Dead Aid is that government foreign aid and massive international organizations like the World Bank and the IMF are often making Africa worse off development-wise, I wonder why she argues that increased government power and intervention is the right way to increase America's economic growth. While the American government could change policies to make this development easier, I think the rapidly growing global social entrepreneurship sector will also play a large role here. Can even the combination of government and social enterprise come up with creative solutions on scale to address so many global challenges?

Despite her attention-grabbing title, I think it is dangerous to focus too much on a competition between "the west" and "the rest." While we are growing populations in a world of limited resources, I think the focus should be on innovating and developing those resources to address our global concerns instead of fighting over them. "In the global economic context, it may be possible for China to rise without America falling. Indeed, it may be possible that both can rise together" (133).