

Dead Aid: Why Aid did not help Africa! A Better way without Aid!

Dambisa Moyo's book *Dead Aid* is a timely book which brings forth what we have been thinking about Western aid, but did not dare to speak out.

As the introducer of the book correctly stated, many have written about aid but never questioned the relevance of Western aid in creating a science based social wealth. On the other hand Moyo has shown brilliantly that Western aid, governmental or non-governmental couldn't help Africa in regard to transforming to a better form of social organization, by which innovation and technological development become possible. Due to persistent aid dependency many African countries could not mobilize their natural and human resources, and are hindered to build a self-reproductive economy. If African countries south of the Sahara want to become prosperous they must be cured effectively from aid cancer. The only effective medicine to cure this cancer is to stop begging for Western aid and start relying on other sources which can create social wealth which is based on science and technology.

Moyo showed that while many Asian countries intelligently modernized their societies by mobilizing internal and external resources, the persistent flow of aid to Africa over the last 6 decades has inflicted heavy damages which cannot be easily repaired. Over the last 60 years almost a trillion of dollars has been poured into Africa, and yet growth is decreasing. As a result of aid related economic policies, instead of economic growth, the situation in many African countries south of the Sahara is worse than 30 years ago. Between 1984 and 2002 the number of poor people has increased at an alarming rate, while life expectancy has stagnated or decreased. In many African countries life expectancy is below 50 years, which shows that aid could not move Africa forward. This negative trend is visible in many areas, like lack of clean water, bad sanitation systems, and ineffective health facilities which are concentrated in few cities, the building up of slums and the break up of social ties, increasing illiteracy rate and so on.

Though there has been remarkable growth in many African countries in recent years as a result of raw material demands on the world market, still the 5% growth rate could not mitigate all the negative effects what Western aid has caused over the last 60 years. The gain from this export driven demand could not be allocated wisely to create internal accumulation, and as a result the continent now faces budget deficits.

Why Aid could not work in Africa!

Moyo compares the effectiveness of aid between Europe and Africa. After the Second World War, many Western European countries received aid which had helped them to rebuild their broken economies. Due to the Marshall Plan they couldn't only rebuild their economies within a short time; they could also become competitive and easily dominate the world market. According to Moyo and other researches, either qualitative or quantitative, before the war, many Western capitalist economies had intact economic and social infrastructures. The war did not destroy the physical infrastructures, like roads, rail road systems, and machines which are the backbones of real economic development. Besides these,

many Western countries which were affected by the war have long accumulated organizational experiences and know-how which they could easily mobilize after the war. The money and other aid related resources which came from America only helped the very existing structures to reorganize effectively. The fact that America had great interest in counter attacking the expansion of the Soviet communism, it did not have any other option than helping Western Europe to rebuild its broken economy.

In comparison to the Western accumulated experience and knowledge, many African countries lack so many things. By quoting Max Weber, many African countries lack the protestant spirit which is the main driving force of capitalism in many western countries. Others, like tribal and geographical factors are also hindrances for the development of capitalism in Africa. Because many African countries are organized more on the basis of ethnic solidarity than social articulation, they fight for resources which share their valuable energy, and which they otherwise invest to create a generalized social wealth. The tribal structures also hinder that many tribes could not develop effectively division of labour which is the basis of exchange and integrated social structures. Due to the low level of the development of social division of labour and social integration which can destroy tribal barriers, state systems which organize resources effectively could not develop. When Western capitalist countries began colonizing Africa, they started to destroy the very existing social structures, and threw many countries into mere appendage to make them the basis of capitalist accumulation. These and the climatic conditions in many African countries, which are believed to be the causes of economic backwardness, do not favour real economic development. Though many African countries are endowed with strategic mineral resources which are vital for technological development, the rich resources what Africa possesses rather become a curse than a help.

Though these are factors that must be reckoned when one tries to analyse the problem of development/underdevelopment in Africa, the main argument of Moyo is different. According to her investigation which is evidenced statistically, not only the nature of aid, but also the allocation of aid which is related to specific policies blocks any meaningful development. At the beginning many African countries received aid which helped them to build their infrastructures and other big projects. But as of the 1980s many African governments must practice the austerity policies of the IMF and the World Bank. The march of neo-liberalism and the diminishing rolls of many states to stimulate their economies mean that many African countries must adjust themselves to the changed environment. The deterioration of their trade balances due to the rapid fall of world market prices for raw materials left no other option other than accepting the new paradigm of a pure market economy. Pure market economy which is strictly based on neo-liberal ideology has been seen as the most effective medicine which could bring economic growth in many African countries. Hence, African governments must stop intervening in economic activities. This will motivate the private sector and paves the way for the allocation of resources, which is a reflection of market mechanism. Privatization, liberalisation and devaluation of the currencies become the most effective parameters which loosen the market from the grips of government intervention. The IMF, the World Bank and the donor community are convinced that many African countries will have bright futures if they persistently apply market economic policies as is prescribed in the school books. Aid packages are tightened with the market principles of the IMF and the World Bank philosophy.

As to Moyo, though conditionality seems good on paper, aid recipient countries do not strictly follow the advices of the donor community, and allocate them in areas whose

rewards are either low or spent lavishly. Neither the donor community controls from time to time whether recipient countries are following the strict prescription as is agreed on paper. This is one aspect of the argument that Moyo discusses in her book, why aid couldn't work in Africa, and perpetuates the existing structures so that Africa becomes more and more dependent on the donor community for her very existence. The other argument that Moyo discusses is that the aid program of the West has strategic aims from the outset, and as such it is not designed to create a well-functioning economy which is based on science and technology. Whether African governments are democratic or not, as long as they fulfil the strategic interests of the West aid flows will continue.

Negative Impacts of Aid

As aid has strategic purposes, it produces corruption on a higher scale, strengthens dictatorial regimes and disenfranchises the masses. Moyo shows the strong correlation between increasing aid dependency, corruption and the nature of government structures in many African countries. As many African governments rely on aid, they do not show any will to find other means to bring their economy on the right track. As there are no organic links between the government structures and the masses, governments rely more on repressive measures to hold down any resistance from the masses. Irrespective of bad governance, human rights abuses, and mass scale corruption, Western governments continue with their aid programs. The government in Ethiopia is a good example, why donor countries are not interested in fair election, good governance and accountability. They have been financing a regime over the last 18 years which is disliked by over 90% of the population, and which is engaged in mass killings and practices ethnic policies which lead the country to civil wars.

Continuous aid dependency has also incalculable social consequences. As African governments do not feel responsible for their people, they do not have social programs or any agenda to use the available human resources wisely. Due to false investment priorities and concentration in few cities, these cities are overcrowded and are becoming breeding grounds for criminality and social upheaval which cannot be easily controlled. The mass immigration from the rural areas to the cities has created on one hand new social structures which are not productive and creative, on the other hand social ties which have existed for generations are broken. As governments could not create economic structures which create job opportunities for the masses, and do not generate sufficient income, the saving and buying capacity of the masses are very low. In this case governments do not have wide tax base with which they could finance infrastructures, support small and medium size industries, and give special subsidy for social programs which tightens the community together. In short, aid dependency creates indifference, loss of creativity, non-self reliance, and social irresponsibility which ultimately ruin the entire social fabric of a given country.

The Remedy

Interestingly Moyo proposes that if undeveloped economies want to become prosperous they need benevolent dictators which are capable of mobilizing human and natural resources. Unfortunately, she says, instead of becoming benevolent, they remain dictators at the end. On the other hand, multi-party democracy cannot work in Africa, since decision processes consume too much time, and parties fight more on agendas that advance their interests, nation building which needs profound knowledge and wise politics remain behind. In this case Africa finds itself in a great dilemma.

Though things seem politically bleak, Moyo still believes that African countries have ample opportunities to develop their economies. African countries should follow the examples of Asian countries. First of all, they have to turn their back on Western aid, and strengthen their ties with more friendly countries. According to Moyo, China could be a very good strategic partner; and the Chinese are showing more interests in the development of the African economy. Their activities on more strategic sectors, and building highways and rail roads are examples which could benefit the continent, and help her at the end to build a strong home market. Secondly, African countries could mobilize internal and external resources by issuing special state bonds, which could be allocated in areas whose multiplier effects are great. Therefore it is very important to create new financial instruments and organizing a capital market which help to mobilize the existing money from within. Thirdly, African governments must push Western countries to cut their subsidies for their farm products, and open their market for African products. At the end African countries must apply market economy if they want to grow and develop their economies.

The Problem

Moyo sees African governments as passive agents, which accept the advices of the donor community without examining whether the policies work or not. That means African governments are either unwilling or incapable to produce their own ideas and implement them. On the other hand why the African elite handle the issues like this is not thematically analysed. As long as we do not know the root causes of such irrational handlings which ruin the continent, it is very difficult to work out a viable development program.

Moyo fixes her analysis and the bad performance of the continent to aid alone. Over the last three or four decades, many Third World experts like Prof. Samir Amin and others, and many experts from the West who have humanistic outlooks have developed complex theories and showed that the causes of underdevelopment in Africa are more complex, and cannot be reduced to a single factor. Slavery, colonialism, the international division of labour and the unequal exchanges which African countries are exposed, are the few factors which are responsible for why the African economy is lagging behind. Besides these, the internal structures of the African societies, which are solely the result of slave trade and colonialism, and the cultural and social structures which are created after independence are factors which hinder the development of science and technology in Africa. With this the nature of the state structure is not suitable to create internal accumulation, and as such governments think that the resources of the continent belong to few individuals. The militarization of the state apparatus and the organization of the security to control any intellectual movement, and the strong ties of these structures with foreign forces hinder Africa to go its own road. Practically the absence of social and intellectual movements make the continent a play ground of all governmental and non-governmental organisations. To use Alavis words, the overdeveloped state apparatus from within, and its external weakness, make the continent vulnerable for outside manipulation. In short, Africa is still a controlled continent which must be freed from internal repressive forces and external domination which drive the continent to more aggressive wars.

Moyo sees the future of Africa only from the perspective of a market economy. She knows better than I do that a market economy can work when certain social relationships are created and organized. If we look at the economy of Western Europe, it is based on certain political, social, cultural and psychological mechanisms, and it is a product of at least four hundred years. That means for the introduction of a market economy, certain factors alone are

not sufficient. Since the basis of any social structures is the existence of a social and technological division of labour, any society must be organized on these principles. On the other hand any society exists not for the sake of a market economy. Though any society needs production, distribution and exchange for its existence, these aspects are the reproduction bases of any society to lay the foundation for higher forms of cultural and social organization. Societies which reduce themselves to a pure market economy while neglecting social, cultural and spiritual factors will inevitably create abnormal structures which cannot be cured easily.

From this perspective the African continent needs more than a market economy. In order to develop Africa not only as a market economy, but also as a society with all cultural features, the continent needs cultural renaissance. Africans must take holistic approaches to mobilize the existing resources and forces so that they can build aesthetically designed societies. As history teaches us, only the simultaneous mobilization of all the available resources will lead countries to effective and durable results.

In general Moyo`s book is a very challenging book, and addresses our problems. It confronts those aid gurus, like Prof. Jeffery Sachs who manipulate the African leaders with their neo-liberal agendas. It is a very good starting point for further discussion, and can contribute to eliminate confusing ideas.

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