
Book Review

‘Dead Aid’ Proposes More Death for Africa: Why Not Kill Globalization Instead?

by Lawrence K Freeman

Dead Aid: Why Aid Is Not Working And How There Is a Better Way For Africa

by Dambisa Moyo

New York: Farrar, Straus and Giroux, 2009

188 pages, hardcover, \$24.00

I came to read *Dead Aid* at the request of African friends who wanted to know what I thought of this book, which is making the rounds among those concerned about the plight of Africa. Having now read this book, I feel obliged to speak out as strongly as possible against Moyo’s deadly pro-British axioms: her support for globalization and free trade, the two most deadly diseases ever to infect mankind.

The author, a Zambian, articulates policies that are coherent with the goal of the British monarchy’s World Wide Fund for Nature (WWF), to depopulate the world by several billion people. Whether she intends, or even realizes the deadly consequences of her thinking is a separate matter. All moral, thinking people, especially Africans, should denounce the axioms underlying this book.

Moyo ignores the role of International Monetary Fund (IMF) policies which have turned African countries into food importers, instead of helping them achieve food self-sufficiency. This process, among others, created a huge debt load for Africa, with debt-service payments larger than the amount of aid received. She blames corruption, saying that aid money was mis-spent. Incredibly, she advocates cutting off aid as the solution, to force African countries to shape up, and

goes so far as to say that a dictator could make free trade work better.

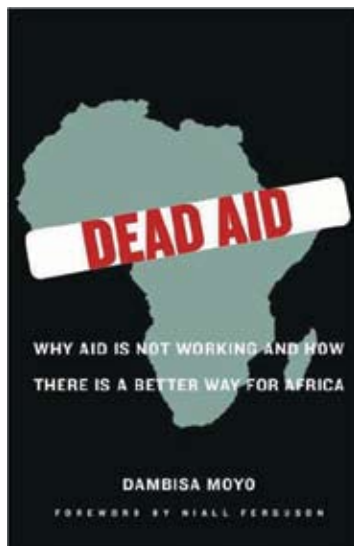
“What is it about Africa that holds it back, that seems to render it incapable of joining the rest of the globe in the twenty-first century?” Moyo asks. “The answer has its roots in aid.”

It is all the more important to speak out, following President Barack Obama’s address in Ghana on July 11, whose tenor was in line with Moyo’s biases.

Before even reading *Dead Aid*, one is tipped off that one is embarking upon a nasty journey. She dedicates the book to Peter Bauer, and Niall Ferguson writes the Foreword. Bauer, who died in 2002, was a professor emeritus at the London School of Economics, and was the first recipient of the Cato Institute’s Milton Friedman Prize for Advancing Liberty—enough said. Ferguson, author of *Empire: The Rise and Demise of the British World Order and Lessons for Global Power*, is an unabashed apologist for imperialism; Moyo cites him in her book to buttress her argument for the creation of an “independent monetary authority”—i.e., independent of the sovereignty of the nation—to “to foster growth.”

The Monetarist Mindset

Moyo’s training has conditioned her to genuflect before the altar of fictitious monetary values, in the bubble economy that has polluted our economy over the last four decades. After two years at the World Bank, she moved on to Harvard for a master’s degree, and then to Oxford for a doctorate in economics. She worked for eight years at Goldman Sachs (2001-08), one of the



primary institutions whose speculative trading in derivatives led to the collapse of the global financial system in July 2007. Her employment at Goldman Sachs alone disqualifies her to speak about economics, as she has no understanding of how to build sovereign economies capable of producing the physical wealth necessary for their people's existence. Like Bauer and Ferguson, Moyo has no comprehension of the unique principles of the American System of Political Economy, established by Alexander Hamilton, the first Secretary of the U.S. Treasury, which is the only sound scientific basis for economic development. She instinctively opposes the American System economic principles that allowed the United States to achieve significant rates of growth even after the death of President Franklin Roosevelt, until President Richard Nixon introduced the floating-rate-exchange system.

Moyo's analysis suffers from a systemic mental defect: her monetarist world view, which leads her to propose recommendations that are against the interests of the African people. She fails to grasp the principles of Franklin Roosevelt's Bretton Woods system, and adopts instead the outlook of John Maynard Keynes, whom she calls the "pre-eminent British economist." Her hostility to the very notion of state issuance of credit for investment in a country's future, most importantly for investment in essential categories of infrastructure, is a pervasive theme of the book.

Is Aid Responsible for Backwardness?

Moyo's main thesis, is that since World War II, the West has spent over \$1 trillion in aid to poor African countries, which has been misspent by corrupt government leaders to pad their own pockets. Her solution is to propose that, in five years, all aid from the developed countries should stop. According to her, it won't get any worse for the people living in Africa, and eventually it will force governments to change their ways. How many people will die as a result, is not much of a concern for someone who was trained at "Goldman Sucks."

After praising the performance of a few African stock exchanges and bond markets, as a Goldman Sachs capital market specialist is trained to do, she does find it necessary to catalog the horrific conditions of life in Africa, if for no other reason than to bolster her case for the failure of aid:

- Sub-Saharan Africa is the poorest region in the world, with an average per-capita income of US\$1 a day. Some 50% of the world's poor live in Africa.

- African countries are as poor today as they were in the 1970s.

- If current trends were to continue, in 2015, Africa would account for one third of the world's poverty, up from one fifth today.

- Africa is the only continent where life expectancy is less than 60 years; in some countries it is as low as 30 years.

- One in seven children die before the age of five, with 50% of Africa's population below the age of 15.

'Benevolent Dictatorship'

Under the ideological cover of free-market policies, the IMF, through its structural adjustment programs (SAPs) of the 1980s, demanded the removal of any state involvement in the economy. Its diktats included eliminating subsidies, liberalizing financial institutions, privatizing 90% of state-run corporations, and shrinking the work force of the civil sector. The result was to further drive down fledgling economies, and to end even the limited investment in infrastructure. But the most evil intended effect of the SAPs, along with the emergence of the World Trade Organization (WTO), was to utterly destroy agricultural sectors and the capacity to feed the people of a nation through their own labor. (Even under the boot of direct colonialism, this was never accomplished.) As a result, since the mid-1980s, virtually all African nations have been dependent on food produced outside their borders for their very existence.

The SAPs created greater dependency on the West through increased amounts of new debt, borrowed from banking consortia. Moyo reports that by the end of the 1980s, the debt of the "emerging-market" nations soared to \$1 trillion, leading to yearly debt-service payments that were \$15 billion in excess of the aid received, thus producing a "net outflow of resources." Instead of identifying the SAPs as responsible for wrecking these poor nations, Moyo blames lack of "good governance" and the failure to fully implement IMF conditionalities. In other words, if only the patient had imbibed more poison, he would not have died.¹

1. Nigeria offers one of the best examples of how the SAPs sent a nation spiraling downward. The IMF and the British ordered the removal of head of state Gen. Muhammadu Buhari in 1985 to bring into power, through a coup, the more compliant Gen. Ibrahim Babangida, to implement the SAPs. Immediately following the coup, the Nigerian currency, the naira, which was approximately equal to \$1, plummeted to 25 to the dollar; farmers were bankrupted, since they could no longer afford im-

While Moyo never misses an opportunity to castigate “undemocratic” African leaders for the miserable condition of their people, she praises the methods of the brutal dictator of Chile, Gen. Augusto Pinochet: “That is not to say that Pinochet’s Chile was a great place to live: it does however, demonstrate that democracy is not the only route to economic triumph.” This is the same Pinochet who was praised by George Shultz and Felix Rohatyn, as a model for “free-market” economics.

Ferguson, in his Foreword, even more directly blurts out his preference for dictatorship, saying that poor countries need “in fact a decisive, benevolent dictator to push through the reforms required for getting the economy moving.”

Prescriptions for Death

The idea on which Moyo’s book is premised is that after foreign aid is terminated, countries will either “cut back on expenditures or raise funds elsewhere to support the same level of spending.” In other words, let people suffer even more than they are now, and they will figure how to make it on their own.

Moyo suggests the following alternatives for countries to raise money once the aid is cut off: foreign investment, trade, capital markets, remittances, micro financing, and savings. Those “alternatives” would *never* put Africa nations on course to achieve economic freedom, but to make such “suggestions” in the midst of a total breakdown of our global economy, to countries where the majority of the population lives on \$1-2 a day or less, is just plain disgusting.

She boasts that her “prescriptions are market based, “since no economic ideology other than one rooted in the movement of capital and competition has succeeded

ported farming machinery. Forced to leave their farms, they migrated to cities like Lagos, which could not accommodate the increase in population; there were no jobs for the millions of people now living in three-sided corrugated metal shacks. All infrastructure programs (as limited as they were) ceased, and all subsidies ended. Nigeria has never recovered to this day.



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Collection of wood fuel for urban areas in Nigeria. The backwardness of most of sub-Saharan Africa is the result of the continuing legacy of colonialism, including by the IMF and Western banks—not of “corruption” in itself, as author Moyo claims.

in getting the greatest number of people out of poverty, in the fastest time.” (What about the unique creation of the United States? I guess they don’t teach that at the schools she went to.) Moyo is unable to conceive of any economic policy that is not based on monetarism. The “freedom” to further globalize the world economy, and the unfettered banking system’s “right” to speculate in quadrillions of dollars of derivatives, are the only doctrines that exist in her monetarist mindset.

Moyo despises the very notion of a sovereign nation-state; she opposes protectionism; she disregards the principles of President Franklin Roosevelt’s Bretton Woods System of sovereign nations, in opposition to Keynes’ One-World, central bank/imperialist system; and she completely rejects the historically successful, credit-based American System of political economy.

Globalization Is Evil!

“A . . . specifically fascist type of assault on humanity generally,” wrote Lyndon LaRouche recently, “is expressed as the elimination of national sovereignties by the mode of imperialist tyranny known as ‘globalization.’ Essentially, no nation shall grow its own food, or exert sovereignty over the technologies it employs. At the same time ‘globalization’ of the labor-force lowers the level of technology at the population’s com-

mand to a virtual condition of pauperized peonage” (“Economic Science, in Short,” *EIR*, June 19, 2009).

In Chapter 8, Moyo doesn’t just endorse globalization; she wants to turn every African into a slave for the British Empire’s cheap labor policy. She characterizes three groups of countries: “winning globalizers”—those who experience economic growth from increased trade; “non-globalizers”; and “losing globalizers,” which have increased trade but are not experiencing economic growth—the category, according to her, that includes many African nations. She asks why African nations, with their huge pools of cheap labor, are not achieving more success in the world of globalization. Her answer: protectionism! It is the protectionist policy of the West, especially in the agricultural sector, that is responsible for the “globalized losers.” For her, the virtual slave-labor wages that Africans have been reduced to accepting, would turn them into “winners” in the free-market economy, if it were not for subsidies to American and European farmers, and tariffs on other manufacturing products.

Many well-meaning African leaders unfortunately fall into this trap of blaming American and European subsidies for the demise of their agricultural sectors. This simply is not true. The American family farmer has been targeted for extinction for 30 years, allowing the food supply to be controlled by a tiny group of unregulated food cartels. This is another product of globalization, which has to a large degree already succeeded in forcing most nations into food import dependency, endangering their national security. This is yet another good reason to end globalization and put the WTO out of existence, as Lyndon and Helga LaRouche called for in June 2008.

Moyo is so obsessed with defending free trade, that she attempts to cover up its genocidal effects in Africa by removing “famine” from the Four Horseman of Apocalypse, and replacing it with “corruption.”

She continues: “On pure wages alone, Africa should dominate the world’s manufacturing slot (manufacturing does tend to employ lowly skilled, so Africa’s poor education showing ought not to hamper its prospects of becoming a manufacturing engine).” She is upset that these poor countries cannot effectively market the slave-labor conditions of her African brothers and sisters in the globalized economy.

Moyo can’t wait for the aid to Africa nations to be terminated. Then they will be forced to accept public-pri-

vate partnerships, which will be controlled by the same financiers who indebted Africa and bankrupted the world economy. This is a “good start,” says Moyo, “as are the billions of dollars of smart money (hedge funds, the international banks, private equity funds) now going to Africa. Africa’s era of private capital is only now beginning, and this trend has to be nurtured in order for it to continue.” Nurture hedge funds in Africa? Isn’t Africa suffering enough? It was, and is, the speculative orgy of hedge funds and the like, run by investment houses like Goldman Sachs, that destroyed the world economy!

Unfortunately, many Africans are so angry at the failure of their governments, that they buy into Moyo’s line. African nations have never been allowed to develop. The British and other colonial powers made sure that no regional infrastructure was ever built, dooming those countries to permanent underdevelopment. There is no “objective” problem in developing sovereign national economies in Africa; it was the conscious British, and later U.S.-adopted policy of genocide that caused the horrible conditions of life in sub-Saharan Africa. Secondly, the nurturing of ethnic conflicts has been a primary imperial tool to prevent the emergence of nation-states that the people of a country could identify as representing their interests. While anger at the “corruption” of one’s government is understandable, it is necessary to think about who created the conditions that are responsible for “corrupting” governments. Indeed, one of the real tragedies of Africa is the internalizing by the Nigerian elite of the British oligarchic mindset, which still afflicts the country’s leadership today.

Now look at the shameful remarks by President Obama in Ghana last week: He would rather blame African leaders than tell the truth about how the continent has been kept in backwardness. Like Moyo, Obama exhorted African leaders to strive for “good governance,” and to follow the same monetarist doctrines that accelerated the rate of collapse of the U.S. and world economy, since his inauguration. These two “children of Africa” have offered no pathway out of the misery affecting millions on the continent. Have they become the modern faces deployed to sell the new imperialist policy of globalization to Africa?

Would I recommend reading this book? Only if you want to know how the enemies of mankind are planning to kill more Africans.