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Dambisa Moyo: An economist refusing western aid

Abstract

The purpose of this article is to expose an unusual vision regarding the topic of aid to African countries, and more precisely to briefly describe and analyse the thought of Dambisa Moyo's, a Zambian economist who heavily criticised the system of aid for the African continent sparking uproar and provoking reactions in Western societies. The debate underlines without any doubt the different viewpoint of the author, which is the most famous African economist on these topics, compared to western economists. This reinforces the relevance of the article.

Keywords: aid, Sino-African relationship, international economy, Dambisa Moyo, institutions, economic growth.

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I. Introduction

The debate regarding the functionality of aid policy is still existing and controversial, and authors come to different conclusions. Some works highlight how aid has had no effect on investments and growth, on a large sample of developing countries.² Certain other experts come to the conclusion that aid is positive only when it is followed by the exercise of appropriate and functional policies; otherwise it loses its effectiveness.³ Some researchers of the World Bank claim that aid contributes to the sustainability of growth and reforms in vulnerable countries.⁴

Another topic is the one concerning the relationship between aid and society, especially regarding corruption that has a negative impact on the growth of a country.⁵ Alesina and Weber in one of their works found that countries with corrupt institutions keep receiving a significant amount of aid;⁶ this may lead to a conclusion that there is a positive link between aid and corruption. Anyway, there are other studies that disprove this possible conclusion, underlining that aid has a positive effect on the receiving country's institutions.⁷

In the end, to understand some of the criticism stirred by Dambisa Moyo, it is interesting to mention one of Alesina's works, where it is observed how bilateral aid strongly depends on the colonial status. An emblematic case is the one

² Boone (1996): 289-329.

³ Burnside, Dollar, (2000): 847-868.

⁴ Tungodden, Stern, Kolstad (2003).

⁵ Mauro (1995): 681-712.

⁶ Alesina, Weder (2002): 1126-1137.

⁷ Tavares (2003): 99-106.

of Portugal that in the 20th century addressed 99.6% of its aid to its ex-colonies.⁸

II. Dambisa Moyo

Dambisa Moyo is a Zambian economist strongly critical of African politics adopted by the West in the last 60 years. Her theories caused a massive public outcry in the West, so much that Bill Gates in person strongly criticized her during a Bill&Melinda Gates Foundation⁹ conference.

She was born on 2 February 1969 in Lusaka, Zambia.¹⁰ After starting some chemistry studies at the University of Lusaka, the event of attempted murder of the then-president Kenneth Kaunda brought Moyo's family to leave temporarily the country and Dambisa finished her chemistry studies in 1991 at the *American University* in the United States, followed by a master's degree in *Finance* at the same University in 1993. After working for the World Bank, in 1997 the economist obtained a Master in Public Administration at the Harvard University's John F. Kennedy School of Government and finished the course of studies achieving a Ph.D. in Economics at Oxford University.¹¹

In 2009, Moyo published her first book entitled "Dead Aid" and subtitled "Why Aid Is Not Working and How There is Another Way for Africa". It is declarative about the author's approach to the topic of aid to the African continent.

⁸ Alesina, Dollar (1998).

⁹ Moyo (2013a).

¹⁰ The birth certificate was shown during a conference of Dambisa Moyo in 2013.

¹¹ The Editors of Encyclopaedia Britannica, URL = <https://www.britannica.com/biography/Dambisa-Moyo>.

The New York Times described it as a bestseller. The release of the work triggered a strong debate. In fact, Moyo analyses brilliantly and from the point of view of an African native how the great powers in the world: China and the West are involved in Africa; she puts a strong accent on the difference between the typical western aid delivery and the Foreign Direct Investment (FDI) delivery that is more common for the Chinese counterpart, and strongly criticises how the West relates itself with the African continent.¹²

Her very negative ideas on the relationship between the West and Africa have been indirectly object of one of her other works that has been announced a bestseller by the New York Times: “Winner Take All”, whose subtitle: “China’s Race for Resources and What It Means for the World” explains the focus. This work is focused on Chinese international politics, especially on Beijing’s relationship with third world countries abounding in raw materials: Dambisa Moyo shows how China reinforced its commercial link with these countries in the last few years, and also shows how the Chinese policy is perceived in a positive way by the local population as compared with the Western policy.¹³

In 2018, the Zambian economist edited a new book entitled: “Edge of Chaos”, the subtitle in this case was “Why Democracy Is Failing to Deliver Economic Growth - and How to Fix It”. The relationship between democracy and economic growth is the main point discussed in this work. Moyo argues that a government characterized by democratic institutions can not be in the ideal position for development; the example she uses to support her thesis is based

¹² Moyo (2010).

¹³ Moyo (2013).

on the current situation of the West that despite its democratic regimes in the last few years has become a spectator of a stagnation of the GDP, while, on the contrary, China records high levels of growth. The book discusses the problem of electoral systems and recent western policies is criticised, as the author says they are studied and planned for the short term instead of being designed for the long term. The inability to predict this incoming situation caused the weakening of Western economies.¹⁴

One last comment: it is interesting to observe how Moyo's entire educational background has occurred in West, but despite that, she is criticising Western policies for Africa.

After presenting Moyo's thought, we shall provide some interesting criticism offered by Western professors and African minds. In the end, there will be a brief conclusion.

III. Dambisa Moyo's thought

1. A history of mistakes

The history of the last 60 years is characterised by a collection of Western economic decisions that very often turned out to be wrong; Western countries could not and sometimes would not understand the political and economic situation of African nations causing the failure of the aid policy as clearly shown in the World Bank's data where it is clearly shown that the number of poor people is increasing.¹⁵

In the late 1950s, Western countries, mindful of the success of the famous "Marshall Plan", started to look at the African

¹⁴ Moyo (2018).

¹⁵ The World Bank (2019).

continent that was in the middle of the decolonisation process and displayed many difficulties: a very low educational level, low salaries, a barely existing fiscal system, inadequate infrastructures and big difficulties with respect to the global market access. That geopolitical picture was very complex: France and Great Britain wanted to keep a strategic control over the territories of their former colonies, while the United States and the USSR looked at the African continent for its natural resources.¹⁶ The relationship between aid and colonial interests seem to be confirmed by recent literature.¹⁷

In this context, in the 1960s massive delivery of aids with long term objectives was started, first of all the funding for the construction of infrastructures that could hardly be built by the private sector began. At the end of the decade, in one single year, \$950.000.000 have been delivered to the African continent. Some countries, especially those that were rich in raw materials, received big amounts of aid: Ghana in one year received \$90.000.000, while, on the other hand, Zambia, Kenya and Malawi in ten years received \$350.000.000 each.¹⁸

During the next years oil shocks occurred, and this phenomenon caused more and more trouble for African countries. In order to solve those problems European countries boosted their donations of aid.¹⁹ In view of the recent crisis,

¹⁶ This statement comes after reflecting on the article: Barbière (2015), Konbobo (2017).

¹⁷ Alesina, Dollar (1998).

¹⁸ Moyo (2010): 42, 43.

¹⁹ Development Assistance Committee of the Organisation for Economic Co-operation and Development, Geographical Distribution of Financial Flows to Developing Countries, Development Co-operation Report, and International Development Statistics database. Data are available online at: oecd.org/dac/stats/idsonline. World Bank population estimates are used for the denominator.

the donations were no longer used to build infrastructures, but to fight against increasing poverty which was aggravated by very high inflation that caused a consistent price increase of foodstuffs and commodities. Even the early 1980s was a very complex period for African states because due to the second oil crisis they had to fight against the risk of high inflation. Western countries adopted restrictive monetary policies and the nominal interest rate on loans increased. This caused big problems for African countries; they entered into a recession because of the high interests they had to pay on their loans, but also because of the fall of the oil and sugar prices. In the end, they had to face an accumulated debt that was unsustainable for them. The solution adopted by the Western countries and the International Monetary Fund (IMF) was to restructure the debt: IMF lent more money to defaulting nations to help them pay back the debt, thus causing for those countries an increasing dependence on aid policy,²⁰ says Dambisa Moyo.

The strategic objective planning was modified twice in two decades, and even the third one was been characterized by further changes: with the rise of neoliberalism, donors considered that privatisation of many sectors in the receiving countries was the priority and a crucial variation was introduced: most of the aid became non-repayable.²¹

The 1990s were characterised by the increase of importance of multinationals in delivering aid (they delivered 30%), but, moreover, they were characterised by the geopolitical change caused by the break-up of the Soviet Union and by reduction of the Official Development Aid (ODA) on the part

²⁰ Moyo (2010).

²¹ This deduction comes from the critical reading of the book *Dead Aid* by D. Moyo.

of individual states that decreased from the peak of \$17 billion in 1992 to \$12 billion in 1999,²² that is by some 30%.

Aid kept being an important component of the net income, while individual countries could not reach the expected levels of economic growth and poverty levels increased because of the strong presence of corruption in African countries, which denied the correct use of aid support.²³ An emblematic case is given by President Mombulu of Zaire, who, after asking for conditions less stringent on his country's debt of \$5 billion, hired a flight with state funds to fly to his daughter's wedding.²⁴ Donators started to consider the problem of good governance with particular attention because in many countries corruption reached very high levels and in many others there were autocratic or illiberal governments; therefore, to solve this kind of problems became a priority in order to encourage the development of democracy in every country.

These changes prove how till the end of the 1990s donators did not consider the problem of institutions and at the same time did not consider carefully the differences between post-WWII European institutions and African institutions the day after decolonisation.²⁵ In fact, whilst European countries in the 1950s had a solid institutional basis and needed funds to rebuild production facilities, African countries needed help to form political and social institutions.²⁶ Another point of debate is the relationship between democracy and

²² Moyo (2010): 58.

²³ Moyo (2010).

²⁴ New York Times (1987).

²⁵ Moyo (2010).

²⁶ As underlined by D. Acemoglu in 2007 in his Introduction to *Modern Economic Growth*, institutions are the main cause of economic growth for a country.

economic growth: Moyo theorises that a democratic system is not necessary to guarantee a GDP growth, but a direct relation between stable institutions and economic growth is needed. In this sense an example is China.²⁷ Even though China is governed by a totalitarian and oppressive regime, in the last 30 years we saw an impressive constant growth of the Chinese economy that brought about significant benefits for the population, proved by the escape from poverty of 300.000 people and by a decrease of the Gini coefficient that right now is not so far from the American figure.²⁸

The years of the new millennium are marked by the economic crisis in 2008 and by the globalization boom. In the eyes of those who are not experts these two events might have not happened with the failure of Western policies for Africa. In the book “How the West Was Lost” (2011) Dambisa Moyo gives some data that can be useful to verify this link. The current situation of Western countries is the first factor that should make us think: they are running out of liquidity, during the past 60 years they delivered \$1000 billion in aid to Africa and now they have very high public debts that are financed by Asian countries; moreover, they have tendentially negative trade balances towards the emerging countries. Another factor to consider is the decrease of the manufacturing sector in the advanced countries, with a strong displacement of production to the emerging countries where labour is generally efficient even for a small price. Low costs are caused by the systems where working conditions are extremely adverse, there are many cases of exploitation and human rights violations, but this details lie in the background

²⁷ Moyo (2018).

²⁸ Moyo (2018): 70.

compared to the profits of multinationals that made investments and moved their production to these countries.²⁹ India and China are two countries that at the very start of the delocalisation process received big amounts of investments and had the ability and the strength to buy know-how. Nowadays, China is the first world exporter since 2009 and is an innovator country with big funds to invest.

2. Delivery of aid

The Zambian economist claims that aid should be a tool used with the purpose to help the growth of the beneficiary country in the medium term, but in the long term it can be counterproductive and harmful. To explain this concept, Moyo gives a simple example: let's consider a town in an African country where a little mosquito nets factory is located which gives work to 10 employees, who shall provide for 15 relatives each. These mosquito nets are very useful to avoid the spread of malaria (Jungle Fever), but the factory cannot produce enough nets to solve the problem. If a Hollywood star would save \$1.000.000 and buy 100.000 mosquito nets to give to the town where the factory is, the immediate effect should be that every citizen of the town will have a mosquito net and will never get sick again. On the other hand, says Moyo, the local factory will be pushed out of the market because its business will not be needed anymore: so 150 people will no longer have an income to survive. We must consider the risk that in the long term those mosquito nets may be broken or unusable with the effect that malaria may

²⁹ This statement comes from the critical reading of the book *How The West Was Lost* by D. Moyo.

come back and hit that area again.³⁰ This little story is very useful to show the need for durable projects, reminding donators that if they would behave as a Hollywood actor their aid will underlie inability to prevent a future problem and would cause considerable damage to local economies as in the case of the mosquito nets factory. Beside the considerations in the middle term, according to Moyo, it is very important even how aid is delivered. Taking the no profit organisation “United States Food For Peace” as an example, till 2005 this group used its budget to buy American food and sent it to countries that needed it. Even in this case, local producers were strongly penalized because of the incoming American food in the market, risking the failure of the local activity. Only in 2005, the American Ong changed partially its mind-set and decided to use $\frac{1}{4}$ of the budget to buy local products and then distribute them to the citizens,³¹ This example is very simple and gives us a second consideration: aid should reinforce companies already operating in the territory with an aim to create a middle class or where it is already present - reinforce it. To reach this objective it is necessary to buy goods from the developing countries rather than buying finished products.

3. Negative effects of aid

When delivered without conditions, aid has different negative effects for African countries’ societies and economies.

³⁰ Moyo (2010): 83-84.

³¹ Moyo (2010): 85.

3.1. The increase in corruption

There is an articulated debate between the economists, especially those dealing with development economics, as to the benefits brought about by aids. It is interesting to observe how corrupted youngsters still receive a big amount of foreign aid.³²

Uganda is an example: during the 1990s the level of corruption was so high that for every dollar spent on public education only 13 cents reached the goal.³³ It must be considered that aid, if awarded indiscriminately, sustains corrupted governments giving them money to spend with no control and encouraging the fall of the country, making it poorly attractive to domestic or foreign investments. This kind of situation leads to a reduction of economic growth and an increase of poverty levels. Thus, if the answer to this poverty increasing level is found in another aid delivery, a perpetual vicious circle is formed and this will lead to underdevelopment and economic failure of the country. The country will become poorer and poorer and aid dependent.³⁴

The phenomenon of corruption gains importance because it is intrinsic to the development of an addicted/dependent country and when it reaches high levels and infects the public system the results are a decreasing quality of public projects and an increase of the costs. Corrupted bureaucrats will tend to maximise the volume of the expense for their own interests, thus decreasing citizens' wellness.³⁵

³² Alesina, Weder (2002): 1126-1137.

³³ Reinikka, Svensson (2004): 679-705.

³⁴ Moyo (2010): 91.

³⁵ Moyo (2010).

In this regard it has been calculated that, according to the Transparency International Corruption Perceptions Index (CPI), the improvement of 1 point out of 10 in the corruption scale of one single country can increase the GDP percentage of that country by 4%. It is necessary to underline that some countries attained very positive economic results despite a high level of internal corruption. Some examples are China, which in 2006 received \$78 billion in foreign direct investments that contributed to a high GDP growth, and Thailand, which during the 1980s recorded a consistent growth in spite of that it was considered one of the most corrupted countries in the world according to ICC.³⁶

3.2. The effects on society

Africa needs a middle class and new entrepreneurs that can encourage the growth companies, but because of the large presence of aid in the country governments are less interested in developing entrepreneurship and politicians are more concerned about their own interests. The absence of a strong middle class contributes to stagnation because there is no force capable of questioning what the government does. There are two effects: first of all growth is very small compared to the potential, and secondly it is impossible to be an inspiration for the economic and political success of the country. This situation has implications for social capital that as a result is weakened even if it is crucial for a country's development: this happens because of the absence of laws, institutions, good governance, and consequently because of the lack of trust between individuals. This last

³⁶ Moyo (2010): 93.

aspect undermines all progress possibilities because the lack of expectations causes the weakness of the entire political and entrepreneurial system and consequently a country's growth is strongly penalised.³⁷

In conclusion, according to Dambisa Moyo, aid not only compromises relations between people, but increases social poverty and weakness, encouraging greater government's power and reducing personal freedom. Another circumstance to consider is a possible increase of civil fights caused by delivery of aid. We must note that in Africa most of the current conflicts are caused by the attempts to control the natural resources in the territory and by the coexistence of more ethnic groups together. In this context aid incites civil wars for one single reason: whoever can grasp power has access to a bigger amount of money. An example is the civil conflict in Somalia that according to Michael Maren is caused by the desire to control food aid sent into the country³⁸.

3.3. The effects on economy

Over the years, the effects of aid on economies have been observed and can be summarised in four main points:

- Reduction of domestic savings and investments;
- Considerable increase of inflation;
- Reduction of export;
- Difficulty in getting returns on the money that has been sent.

³⁷ Moyo (2010).

³⁸ Moyo (2010): 101-104.

The first point has been confirmed by economic studies that demonstrated how increasing aid is related to the decrease of national savings just because the funds sent will be spent on consumer goods instead of being saved. Moreover, banks will have less funds to lend for local investments because those funds will be taken away from them. In addition, what can be seen is that aid encourages private individuals to invest by offering them guarantees over loans and subsidising risky investments, high quality foreign capital investments are depressed/discouraged (crowded out).³⁹

Money sent to beneficiary countries augments the local demand for goods and services, usually not locally made, but having to be imported. This increase is not harmful per se, but the mechanism through which it is expressed is very important because it can cause an inflationary effect.

The Zambian economist explains the effect of reduction in exports by saying: let's suppose that Kenya had only 100 Kenyan shillings in its economy, that means around \$2. Subsequently, there comes a monetary aid of \$10.000 and this amount of money needs to be exchanged into Kenyan shillings because retailers accept only the legal currency. The value of the shilling has to grow because the demand for that currency is increasing, and thus Kenyan goods will become more expensive to export and the export sector of the country will decline. This phenomenon is called "the Dutch disease" and according to the IMF it represents one of the reasons explaining the lack of development in beneficiary countries: the quantity of the currency received by these countries provoked a growth of the exchange rate, a decrease of competition

³⁹ Moyo (2010).

in the exporting sector and cuts in salaries, employment in the sector and the growth of the sector itself.⁴⁰

The last economic effect is the difficulty for beneficiary economies to absorb these resources. This phenomenon is caused both by underdevelopment of the monetary institutions and the policies adopted by those countries: there is no sufficient competent staff to make use of aid in the most productive way.

4. The Chinese presence in Africa

By now we have analysed only the economic aspects of the aid system, without considering possible external measures within the continent. So, it is necessary to introduce the Chinese action/intervention in Africa to the analysis. It is characterised by different principles compared to the Western one: Beijing is intensifying its presence on the continent through investments, trade agreements and only in a small part with aid support. The Chinese policy towards African countries is driven by the continuous demand for extraction of raw materials such as oil, gold, brass, and for arable lands.

These kind of manoeuvres are implemented in nearly symbiotic relationships between African countries and China, in terms of long term dependence. In 2009, through multinationals Beijing extended loans in the amount of \$77 billion for long term extraction of oil and gas in different countries around the world, including Angola and Ghana.⁴¹

The West strongly criticised these policies, blaming the People's Republic of China for the attempts to colonize

⁴⁰ Moyo (2010): 108-111.

⁴¹ Moyo (2013): 83.

the continent. On this point Moyo is very categorical and says that these critics have no further proof. In her opinion it is clear why China has no interest in improving the social and economic situation of the African countries, China is interested in finding new commercial partners because of the insatiable appetite for resources to be used in its economic system in exchange for funds to build necessary infrastructures in those territories. Secondly, she thinks that the local populations consider these charges to be exaggerated and seem to approve these investments: according to the 2007 Pew Report , in Senegal and Kenya 81% of citizens support the Chinese intervention, in Ghana and Nigeria this percentage is around 75%, in Ethiopia 66%. Another data that should make us think is that in some countries interviewed people perceive the influence of the PRC better than that of the USA.⁴² Recent polls confirm the positive opinions in favour of Beijing's policy; the percentages are around 63% of the population of the entire continent.⁴³

5. Possible solutions to the aid system

Moyo proposes access to financial markets as a possible solution. If that is the case, African countries could have the possibility to issue bonds, which are equivalent to aid because they are loans but differ in that they bear higher interest rates, have shorter maturities and, above all, they involve very serious consequences in case of default. Entering the credit market is not complicated, says the Zambian economist, but requires first of all a state with its own rating and then the state

⁴² Moyo (2013): 166-167.

⁴³ AfroBarometer (2018).

must attract potential investors both with its credibility and an interest rate that reflects the capital risk. This process would imply the duty of governments and countries to show greater transparency so as to not drive away investors. The possible classification as a speculative country by rating agencies would cause a higher interest rate for the country but would not result in the absence of creditors. In fact, venture investors would be attracted by a chance of high profits and at the same time everyone who is looking for diversification of his own wallet would be inclined to buy these bonds. To reduce these risks, governments could follow two paths: the issue of regional bonds with the possibility to request one single rating. In this context, more developed nations could provide positive externalities to the others. The single rating, by the way, introduces the free-lender risk with respect to countries that would take more funds than necessary. This kind of problem could be avoided with the division of market shares based on the GDP growth (the bigger is the country the more money it will get) or following the need criteria. The second possible path is a supranational government or organisation that can pay back the debt in case of default of the receiving country. An example is the Pan-African Infrastructure Development Fund (PAIDF), formed in 2007 in South Africa: this organisation invests in projects that provide construction of infrastructures around the African continent, and the South African government guarantees those investments. Another possibility is to involve the World Bank, as happened in 2007 with Argentina. Argentina issued \$1.5 billion in bonds with 6 different maturities (1 year, 18 months, 2, 3, 4 and 5 years) and the World Bank at first guaranteed the first batch. After paying back the first issue the organization offered guarantees for the second batch and so on. This

kind of trick would allow countries with rather poor ratings to receive loans because the guarantor (the World Bank) is classified AAA.⁴⁴

According to Moyo, the second necessary solution to overcome the aid dilemma are FDIs. All in all, it is evaluated that the African continent receives too few investments. In 2006, \$37 billion received as foreign aid were more than a double of the FDIs carried out on the continent. This statistic underlines the seriousness of the phenomenon because in one year, one country (China) received around \$80 billion - five times the invested inflows on the entire African continent. This exiguity is caused by inadequate infrastructures and the various problems already discussed regarding corruption and inefficient bureaucracy.⁴⁵

Given the quantity of raw materials in the continent, this phenomenon is still unexplainable. In this context, China over the last 30 years has been building a different kind of a relationship and has been intensifying its presence on the African continent. Taking advantage of raw materials such as brass and cobalt, buying mines, railways and production facilities. In exchange China offers funds, not aid, and builds infrastructures or whatever it is asked to build by the governments China has contracted with. It is believed that this approach allows the African countries to obtain what they need at the moment.

⁴⁴ Moyo (2010): 127-153.

⁴⁵ Moyo (2010): 156.

IV. Some relationships

Dambisa Moyo's publications sparked an uproar and interest. The book that had the highest visibility is "Dead Aid" because for the first time it expressed the opinions of an African economist on the topic of Western aid. The following works are indeed very interesting because they reflect Moyo's thought on different topics, such as the crisis of 2008, China's interest in the African continent because of raw materials, the relationship between democracy and economic growth. Despite that they did not touch public opinion with the same intensity of the first book. The theses provided by the Zambian economist caused a stir in the West, especially because Moyo is the first African person strongly criticising the aid policy. The judgments expressed by Dambisa caused a debate between the insiders (some opinions will be presented) and aroused vigorous reactions among the celebrities actively involved in delivering aid to the African continent.

Bill Gates expressed the most vigorous reply to Dambisa Moyo's positions. The rich American entrepreneur, as known, assumed a progressive role in sustaining Africa, with different donations and in 2000 establishing the non-profit Bill & Melinda Gates Foundation with the purpose to improve the quality of life in African countries through donations for the development of schools and health service (especially providing vaccinations). The participation of the American billionaire in the activities for Africa's cause is so strong that in 2008 Gates left Microsoft to work full time at the Foundation.⁴⁶ In 2010, during a conference, a student asked him what his thought regarding Dambisa Moyo's theses was.

⁴⁶ Bill&Melinda Gates foundation, *HISTORY*.

The answer was categorical. Initially, he said that in the last 20 years aid halved the number of infant deaths and in a second moment criticised the economist maintaining that she had a wrong value system because the policy that helped attain those results cannot be seen as negative. Negative observations did not stop only there, as the founder of Microsoft concluded that the works such as the one of the *Zambian economist* are devilish because they could only generate an outcry and were based on moral high grounds.⁴⁷

Professor Paul Hoebink, director of the centre involved in international studies in the department of Nijmegen and author of various publications on the aid system, in the preface to his book “A Matter of Dishonesty. A Review of: Dambisa Moyo *Dead Aid: Why Aid is Not Working and How There is Another Way for Africa*” expresses many doubts over the efficacy of the *Zambian economist*. At first, he underlines that it is fair to affirm that aid has been used badly over those 60 years causing the increase of poverty, but then he goes on saying that we do not have to jump to conclusions and define that policy as totally negative. In fact, if it was applied in the correct way (here come responsibilities of the African governments) it could have brought receiving countries to higher levels of growth and to improvement of living conditions in general. The *Zambian economist*’s work, according to Hoebink, presents many critical issues, especially as regards the sources: the first real problem is the limited/poor use of empirical proof to support the theories that are the object of the discussion. In Chapters 3 and 4 of “*Dead Aid*”, where problems regarding aid and reasons why it should not be given are expressed, literature supporting the thesis

⁴⁷ Moyo (2013a).

is very poor for Hoebink and is full of statements that are not shared by many economists or have been replaced by more accurate studies. A second defect of Moyo's studies is total omission and failure to analyse works that theorize on the positive relationship between aid and economic growth in the receiving countries.⁴⁸

Another very interesting criticism is given by Paul Collier, an economic expert in the international relations' sector and author of the book "The Bottom Billion". He was the professor of Dambisa Moyo both during her master in Harvard and Ph.D. studies at Oxford University, has a softer position towards the economist and his review is less rude compared to the ones we have mentioned until now. It is necessary to underline how Collier proves that every thought expressed by Dambisa is her personal thought and the article testifies to the coherence of the Professor who discusses her thoughts in an objective way, both giving positive evaluations and breaking away from some statements of the economist. The scholar corroborates the fact that aid can cause many problems that are correctly exposed in "Dead Aid". Paul Collier states that it is fair to say that aid, if it consists in sending enormous amounts of money, is not the solution to Africa's problems. He agrees with the thought that is necessary to promote development through good governance, security treaties and commercial exchanges. Collier's thought differs from Moyo's as regards cessation of sending money: he thinks that it could be more useful to improve the terms and conditions of aid and make them more stringent with the purpose to reduce corruption in the receiving countries and help them reach higher growth levels.

⁴⁸ Hoebink (2009).

The scholar disagrees with the analysis of the causes of African underdevelopment: the African economist in many passages identifies aid as the main cause of the continent's problems. The Professor declares that the most serious question comes from western "transgressions" of the last two centuries such as colonialism, exploitation of the underground resources and African populations. He thinks that the position taken by Moyo is incorrect because many important factors are not included in the analysis.⁴⁹

Dambisa Moyo's thought, as said before, was a profound shock to both development economists and benefactors; her theses not only stirred up reactions from insiders and celebrities involved in donations, such as Bill Gates, but stimulated interest of political figures linked with the continent, one of them being Kofi Annan, from Ghana, who served as Secretary-General of the United Nations from 1997 to 2006, who released an interview where he says that the topics that are the object of the discussion may lead to a new approach towards Africa. In his opinion, Moyo's message is clear and shareable: it is time for the African people to take control of their economies and their political destiny, taking advantage of the opportunities to improve their living standards.⁵⁰

Paul Kagame, President of Ruanda, expresses his agreement with Moyo's thought: he thinks aid did not reach the intended goal, causing more poverty and instability in the African countries. Therefore it is necessary to think when to stop the delivery of aid and what are the best ways to do it.⁵¹

⁴⁹ Collier (2009).

⁵⁰ The Telegraph (2011).

⁵¹ Kagame (2009).

John Kufuor, President of Ghana, is very sceptical towards Dambisa Moyo because he thinks that the thought of African rich living is hardly credible⁵².

V. Conclusion

Aid policy is extremely complex to study: there are contrasting theories in literature and available data are very poor and not always reliable. The theses maintained by the economist are well-founded: the West made many mistakes in its relations with Africa and the idea that Western people behave as if they were superior persists. This is because of the imbalance presupposed by the aid policy where there are a donor country and a receiving country involved.

The arrival of China on the scene caused different changes because the Asian Colossus used a different approach which has been successful amongst the local populations except for poor cases, such as Zambia, where the Patriotic Front tried to redesign the relations with Beijing. By the way, the Front failed because of the symbiotic relationship developed between both countries.⁵³

The People's Republic of China represents the most controversial topic presented by the author because she defends the Chinese presence on the African continent against Western critics but at the same time many investments and policies aimed to improve African infrastructures only in order to facilitate trade between the two continents; moreover, as shown by the imposition of the principle "The one and only China",⁵⁴ there is little attention to human rights and

⁵² General News of Tuesday (2009).

⁵³ Sautman (2015): 127-143.

⁵⁴ Ricchiello (2015).

freedom of thought in the African countries; some countries base their economy on exports and the data confirm that in 2009 mining products, basic metals and gemstones formed 90% of total imports from Africa to China,⁵⁵ as an evidence of the attempt at new economic colonisation.

Coming back to the topic of aid, as observed by many authors in literature,⁵⁶ it is important to underline that aid was undoubtedly designed to keep some influence over certain territories that became independent countries or were about to become such. In addition, from an economic point of view aid should produce a growth in the medium to long term by making viable purchases of domestic goods and services from donators to reinforce small local companies. It must be observed that it is very hard to express an overall assessment in view of both the very different results reached by every country and the policies applied by the receiving countries: Botswana delivers a very positive image of aid policy, whilst nowadays there are countries where the percentage of aid in relation to the GDP is over 10%; in the case of Ruanda this percentage was around 27.1% in 2005.⁵⁷

In conclusion, we must observe a weakness of Dambisa Moyo's theses: the limited amount of data used to support her theories which very often are reduced to an ideological position.

This lack of statistics can be seen as a responsibility of Western countries that should have worked more accurately continuously monitoring the phenomena under consideration since they decided to take charge of the African issues.

⁵⁵ Eisenman (2015): 3-26.

⁵⁶ Alesina, Dollar (1998).

⁵⁷ World Development Indicators data.

One final comment: Dambisa Moyo's ideas opened up the debate over Africa, showing alternatives of intervention and providing an overall picture of the actual situation. Now the West and Africa should ask themselves and investigate the issues provided and give a concrete answer to them, developing a strategy that would lead to a growth for the continent. Only this way people who support the opinions expressed by the Zambian economist may change their minds.

I would really love to thank Professor Maria Stella Rollandi who has been a very precious guide for this work. Thanks to her high level of competence she helped me a lot both in the production of my degree thesis, from which the article comes, and stimulated my mind to reflect on certain topics, giving me the opportunity to face them and discuss with her the objects of my work.

Translated by Berretta Federico

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