



## **EMERGING AFRICA: BETWEEN AID AND UNDERDEVELOPMENT**

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### **ABSTRACT**

On Tuesday May 28th, 2013, the billionaire and philanthropist Mr. Bill Gates attended a Q&A session at the University of New South Wales. During the session, a lady asked him: “Mr. Gates, Dead Aid, a book by Dambisa Moyo, illustrates that giving more aid to Africa over the course of the years did not alleviate poverty, instead it kept the economy crippled with governments asking for more aid. This fluke made a cycle of aid giving which resulted in nothing productive and it has not been used to solve the immediate problems and the money is not being used to make businesses sustainable in Africa. What’s the foundation’s view in this regard?” To which Mr. Gates responded “Books like that are promoting evil”. Mr. Gates’ sound bite sheds light upon aid as a topic of controversy: in his creed, aid is humane, virtuous and will do the global poor a world of good while anti-aid literature is evil. From Tibor Mende and his famous book "From aid to the re-colonization" (bestseller in the 70s) to Dambisa Moyo and her book "Dead Aid", the issue of assistance to poor countries has been much talked about. Between the fifteen billion dollars transferred to Europe under the Marshall Plan and the thousand billion dollars sucked up by the sub-Saharan Africa since independence, we have come to understand that a poorly-designed assistance automatically produces state-aid recipients. In this paper we will endeavor to weigh the geopolitical and geo-economic impacts of aid and demonstrate why aid, presumably an altruistic deed for the benefit of the poor and the needy, has sparked such a hot debate.

**Key Words:** Aid, Assistance, Geo-Economics, Geopolitics, Poverty

### **INTRODUCTION**

In traditional societies, the poor and the needy all had their place in the community, no questions asked about aid or assistance. The unfortunate needed the less fortunate and vice versa: mutual aid was a natural behavior and nobody never thought of it in terms of assistance. Who would have imagined that the same word would one day often designate enslaving practices against persons in distress, or serve as a justification for governments to conduct military or repressive actions against their own people? The history of debates and practices around the concept of aid shows that the inconceivable has in fact become a reality. More than a century and

a half ago, Henry Thoreau was already worried about possible abuses of some voluntaristic actions:

*"If I knew for a certainty that a man was coming to my house with the conscious design of doing me good, I should run for my life"*<sup>1</sup>

Today, Joseph E. Stiglitz, a Nobel Laureate in Economics in 2001, cites in his book "The Price of Inequality" some otherwise edifying examples of how aid-specialized organizations such as the International Monetary Fund were able to destabilize the entire populations in Indonesia or Ethiopia for example.

Thus, aid as construed by the modern language has nothing in common with aid as experienced in vernacular communities.

The often spontaneous and direct relationship between two individuals called "neighbors" has turned into a highly professionalized intervention defined in medium or long terms. An intervention often coupled with an instrument of power exercised against those it claimed to serve.

In vernacular societies, sharing and caring were not only moral qualities, but also guarantees of a good social cohesion. Helping your neighbor meant acting at several levels. As an individual, it allowed you to enrich your own inner world and develop your ability to compassion and charity. Socially speaking, it boosts your moral authority over the other members of the community. Collectively, these individual and social fulfillment processes favored the emergence of similar qualities across the entire community that provide each member of the society with a productive balance between the requirements of personal fulfillment and those of social development.

By embarking on the path of a large-scale vision of assistance, the religious authorities have greatly contributed to its institutionalization and corruption.

For the Church, it was important to offer an institutional translation of the word of Christ. The love of the neighbor had to be encouraged indeed, but it was inconceivable that a deed representing the divine justice be not exercised in the name of the Church of God, the sole qualified institution to recognize the true poor from the false. And while aid was institutionalized, it was also specialized: the love of the neighbor shall be practiced preferably for the benefit of a given institution.

For those seeking to reconstruct the exact history of the concept of aid, the events that followed this first institutional takeover are particularly instructive. They show that aid and aid promotion have always enabled whatsoever government in power to impose its image and protect its own interests.

In medieval Europe, the institutionalization of aid by the Church endorsed this belief: anyone who wanted to be absolved from their sins had only to pay the price, the Church would then take care of the rest. The amount paid would prompt God to find them a place in Heaven. Thus, the original charity began to turn into a curious exchange currency: the aid to the poor taking on the appearances of a tacit insurance contract in order to increase the chances of the penitent donor to escape the flames of Hell.

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<sup>1</sup> Farcet G. (1998) «Henry Thoreau:L'Éveillé du Nouveau Monde-Henry Thoreau: The Enlightened from the New World», Paris, Sang dans la Terre, P.35.

In short, aid as it was perceived by human societies has nothing in common with that preached by the international institutions and the aficionados of the *pensée unique* –a mainstream ideological conformism-. The concept of assistance was reviewed and examined by Bretton Woods institutions which broke up with the ancestral altruistic practices and traditions whether in Europe, in Africa or the Middle East. Far from this "stone age economics" of Marshall Sahlins, Adam Smith's invisible hand has deflected aid away from its main objective which is helping the destitute to recover from a situation of adversity instead of putting them in a chronic state of dependence on donors. As the late Hassan Zaoual put it: "a poorly devised assistance generates automatically state-aid recipients".

### **The invisible hand of aid:**

In the march to the industrial revolution and the triumph of the capitalist economy, three phenomena have more determined the mutations in the discourses and practices: the seizure of power by the People acting on behalf of the poor –the universal suffrage ensuring this new power–, the threat of pauperism, and finally the discovery of aid as an instrument of economic promotion.

Pauperism was even more threatening as it meant "the state in which individuals have the right to supply their needs by using public funds legally assigned to this purpose". For all these reasons, Eugene Buret (1840) himself did not hesitate to deem it as "the enemy of our civilization."

The concern of every ruling class was that the growing pauperism, unlike poverty, was not merely a personal destiny marked by misfortune but rather a social problem of unprecedented magnitude. This horde of the "bad poor", inconsistent and dangerous for society as well as for themselves, did not only embody "a disorganized, spontaneous coalition escaping every social rationality" but it also sought to monopolize all rights to this legal assistance while refusing any constraints. However, these fears and this indignation did not all have the same background: the phenomenon that some refused to interpret as a result of the Industrial Revolution was felt by others as a social threat, a challenge to the mechanisms of capital accumulation.

It is in this quite confused context that aid emerged as a possible solution to the problems created by the industrial evolution.

In theory, the new economic discourse on the issue of misery remained ambiguous: on the one hand, it claimed that the new sciences and wealth production techniques would know how to eradicate poverty once for all, on the other hand, it had to recognize that social and economic inequalities were not only an integral part of this production system, but they were in many ways the support and counterpoint thereof as they represent a reservoir of unmet needs essential to this very new productive system.

Thus, misery had some benefits as long as it was not scandalous .i.e. as long as it was only a natural or social inequality. Charles Dunoyer (1825), a pioneer of social economy, considered for instance -and he was not alone- that a "well-behaved and mellowed out" poverty was one of the conditions for economic prosperity and the proper functioning of a production system based on the division of labor. These inequalities had another advantage:

By their sole influence and without any resort to violence, they had the power to beget more inequalities and thus produce large discrepancies in the degree of freedom which everyone could enjoy.

This poverty had therefore its place in the logic of the self-regulating forces and the "invisible hand" of the market which are supposed to restore order and equilibrium at every moment, including during disturbances by factors exogenous to economy.

One of the first to express reservations about the magical power of this "hand" is the Reverend Thomas Robert Malthus, described later by Keynes as "the first economist of Cambridge". This economist, famous for his pessimistic theories on population, is also the one who placed the emblematic figure of "the Irish peasant" at the center of a hypothesis which went then against the grain of mainstream thinking. If this analysis of Malthus is so particularly relevant to us here, it is because it announced the revolutionary turn that would lead to a utilitarian and modern perception of aid: now that it is commoditized, aid will no longer be but an instrument of governance and subtle control of its target populations.

The "Irish peasant" who haunted Malthus throughout his life, a poor quite similar to the poor in vernacular societies, symbolized a human archetype rather ominous for the future of the economy: eating only potatoes and dressed in rags, he seemed not attracted by any means to owning objects. He used to consume only what he produced and never bought a thing, and yet he seemed content with his lot. As a veritable anti-homo economicus, he was a permanent threat to economic growth. It is the persistence of men and women of similar behavior within society that led Malthus to two conclusions:

- That the "invisible hand" of the economy is not sufficient to ensure the smooth running of the productive system "at least as long as the Irish peasant would resist the seduction of manufactured needs".
- That for the system to sell its products, it should start helping this peasant so that his needs match as much as possible those of the economy.

The actual social assistance will no longer signify the supply of lifebuoys thrown here and there to give a chance of survival to useless mouths: it will be transformed into a dynamic and preventive instrument prompting each and every one to meet the production needs.

### **International aid & poverty: What altruism is it?**

Despite the theoretical differences that we have just mentioned, there is a common aspect to human societies: the fight against all sorts of poverty. If the causes and remedies are different, the objective is widely accepted. The idea that some humans could be facing famine, doomed to an early death, illiteracy or a second class citizenship is contrary to what the concept of justice means to most of us. We know that all the great religions were concerned about fairness, inciting or even compelling their followers to regard the fight against extreme poverty as a moral duty. In fact, when addressing the fight against poverty by a donation, be it in kind (give a little or a lot of one's time), in cash or material (goods), it is difficult to dissociate the act as such - defined as altruistic - from the mentioned moral duty.

"The disadvantage of sociological altruism is that it is perceived with values: right/wrong, good/bad, free/totalitarian, just/unjust) that make it incompatible with economic reasoning .... This moral altruism should be corrected by returning to the philosophical tradition.... In economic philosophy, altruism corresponds to an extended rationality expanding economic calculation to the relationship that individuals have with their social environment."<sup>2</sup> "Essentially by definition, an altruist is willing to reduce his own consumption in order to increase the consumption of others."<sup>3</sup> This is a benevolent altruism. When an individual gives a coin to a beggar on the street or some of their time to an elderly person or shares their home with a poor etc... without turning this act into a media event or even disclosing it, this is generosity, solidarity, altruism. This was the case for example of the ARTC (Association for Research on Treatment against Cancer) in France at the end of the last century. This is also the case of some public corporations for the jobless and rehiring firms. The payment of government subsidies for the integration or reintegration of people in difficulty does not mean the ability to ensure a social follow-up that would attain reintegration. This is somehow usurping public funds. Similarly, the payment of monetary amounts to charity can sometimes be a matter of a disinterested altruism, and sometimes of an interested altruism.

In France, for example, a monetary donation to a recognized public utility association (such as Restaurants du Cœur) is compensated by a (monetary) reduction of the income tax. This mechanism introduced by the public authority raises several questions:

- The "donations" are not managed (managerially speaking) spontaneously by the donor but are organized and institutionalized. The state seeks to influence the behavior of households via tax incentives and it is possible to imagine that this behavior could have been different for some of them should there be no tax reduction in counterpart.
- An objection can be made immediately when all donating households are not all subject to income tax. Still, they have no financial benefit. The act of donating has then a specific externality for taxable households. This does not mean that they are not altruists but it is more likely that the computation of the tax reduction is one element - among others - that influences the choice and amount of the donation(s).
- In these conditions, can we consider that the donations from both (different) categories of households refer to the same altruism? Undoubtedly, they seek to mitigate the effects of poverty and / or partake in research breakthroughs that affect us all but it is arguable that in a market society, an act of donation has in counterpart a counter-donation -not symbolic as in other societies- but monetary. Non-taxable households make a social and / or moral "profit" out of their donations. Other households also derive a monetary benefit as the distinction between households by income class is established beyond the sources of their income and their respective expenses.

It is still possible to question the benevolent or malicious nature of altruism based on the advertisement that accompanies certain actions. If, basically, no one can argue that giving to the poor is a selfless act, the fact is that sometimes this act is revealed to the public while sometimes

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<sup>2</sup> Jarret M-F. et Mahieu F.-R. (1998) «Economie publique: théories économiques de l'interaction sociale-Public Economics: economic theories of social interaction», Paris, Ellipses, p. 82

<sup>3</sup> Becker Gary S. (1997) in Jarret et Mahieu op. cit. p. 21

it is carried out with utmost discreetness. Asserting one's generosity with or without a monetary counterpart such as the reduction of income tax in France, may mean that the donor searches the esteem of their entourage. The initiative makes sense only if it is related to what sociologists call the social interaction. Donating motivation and helping the poor depend then (at least partly) on how they appear in the eyes of the other whose recognition and approval are solicited by the donor. The individual act is not so disinterested and does not fall out of the societal framework. This type of behavior seems even more plausible when advertising donations becomes the norm. In a context of mass dissemination of information and media explosion, does the "Peoplisation" of charitable organizations and foundations that are continuously seeking donations for "just causes" denote altruism? The jury is still out!

"And what if the stars were only icons entrusted to do good business for the humanitarian industry."<sup>4</sup> The President of UNICEF France confirmed bluntly: *"Yes, we need the "Peoples", they offer us easy access to the media and arouse donors' interest in our cause. Emmanuelle Béart's press conference testifying to what she saw in Sierra Leone has become an event."*<sup>5</sup> The actress states in the same article that she "does not believe in altruism... but rather in exchange." This example is not exhaustive, yet is indicative of the "commodification" of aid, of the fight against inequality, of the fight against deprivation, of suffering and it is not for sure that this is done for the benefit of recipients only. Other associations such as Médecins Sans Frontières (MSF) chose to appeal to generosity by phone or the Internet, no showcasing on television.

Finally, regarding the limits of "organized altruism", we would like to mention a few conclusions of the Audit office in January 2007, on the management of donations in the wake of the "natural" disaster, the Tsunami. In France, 340 to 350 million euros were collected plus 67 million euros of public aid. The report states that only one third was spent due to the flooding of international aid. The budgets were significantly too high for the actual on-site staff to manage. One can also read in this report that part of the donations received by charitable organizations or international agencies was redirected. The UNICEF for example transferred 57.4 million euros to its headquarters in New York. For the Red Cross and Catholic Relief Services, the percentage of amounts used compared to donations is about 40%. The amounts available can be granted to local NGOs, to intermediaries, namely in the building sector and public works.

In an article published in "Le Nouvel Observateur", Serge Paugam (2013) underlined the enthusiasm for private solidarity "in the form of an appeal to generosity via the media .... This would be perceived sometimes with higher virtues than public solidarity which is often considered as bureaucratic and impersonal ... Of course, one must not despise this generosity, but must remember that it cannot be considered as an alternative to collective solidarities as conceived at the end of the nineteenth century." A little further on, the author denounces after all the fact that governments often react on the basis of one thing at a time and that more visible solidarity actions are those that take place in an emergency. "The news highlight, periodically, all the visible signs of a solidarity that we think spontaneous, but which is actually entertained by the media."

Fighting against poverty via public policies and / or private solidarity, akin to altruism, has

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<sup>4</sup> «Le Nouvel Observateur», Feb 22<sup>nd</sup>-28<sup>th</sup>, 2007, p. 94-97

<sup>5</sup> Ibidem

limitations and challenges theorists. For Van Parijs (2003), justice should be sought .i.e. allow everyone - not just in theory (location) - to have access to goods and services. «It is more about what is given to each and not what they do with it, it helps them achieve their own conception of life and not a particular conception that the society would consider superior to others. » That means to define a method whereby it is possible to offer opportunities to everyone and thus adhere to ethics without preaching morals. This is a major challenge for the theory of "modern" justice. A conception of an acceptable justice according to the author and which should be egalitarian in the sense that "it must express a form of material solidarity between all members of the concerned society.... Justice is not a matter of equity in exchange.... Nor is it a matter of collective optimality understood as the production of acts globally effective for the common interest. Some inequalities can be righteous, but only if they help improve the lot of the less advantaged. »

Fighting inequalities may consist in acting upon the chances and capacities, real chances and concrete capacities. It doesn't mean to express intentions or show compassion. Galbraith considers the latter as "*the most truly conservative course. There is no paradox here. Civil discontent and its consequences do not come from contented people--an obvious point to the extent to which we can make contentment as nearly universal as possible, we will preserve and enlarge the social and political tranquility for which conservatives, above all, should yearn.*"<sup>6</sup>

Long before Galbraith, Simmel in his reflection on the sociology of poverty had "a disillusioned look on charity and the private<sup>7</sup> and public philanthropy, these do not represent an end in itself but a means to achieve the cohesion of the society and the guarantee of social ties "(Paugam, 2013, 47). Does assistance aim to primarily satisfy the recipient? The donor? The established order? The example of the British trade unions (quoted by Simmel) which help the unemployed union member allows to understand that, on the one hand, they seek to alleviate income inequality but, on the other hand, they also preempt job seekers who will go now to offer their free work capacity at a lower salary, which would have the effect of lowering wages in their sector of activity. The author goes even further: helping the poor through assistance means to avoid riots, violence to obtain income through various ways; it's even to guarantee a certain stability to society to the extent that assistance is, in fine, conservative. "The goal of assistance is precisely to mitigate certain extreme manifestations of social differentiation so that the social structure can continue to be based on this differentiation" (Paugam, 2013, 49).

We find this critique of assistance to the global poor with Thomas Pogge<sup>8</sup>. The international economic interaction is considerable and, contrary to Rawls, the author thinks that poverty and extreme poverty are not due to domestic (or national) causes. While it is true that some Asian and African countries had a comparable level of GDP per capita in the 1960s and that the African countries were largely outstripped 50 years later, this differentiation in the trajectory cannot be explained by domestic factors which, according to Rawls, are likened to the political

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<sup>6</sup>Van Parijs Ph. (2003) « *Ethique économique et sociale-Social and economic ethics* », Paris, La découverte, p.5.

<sup>7</sup>Philanthropy is therefore flourishing, especially in the USA where charitable endeavors are legion. The new philanthropists are however increasingly straying away from the traditional methods of foundations management. In fact, they are seeking to make their structures more financially and socially efficient while dreaming of the advent of philanthro-capitalism" The Birth of Philanthrocapitalism, The Economist, translated into French by F. Boisivon in «Problèmes économiques», n°2912, December 6<sup>th</sup>, 2006.

<sup>8</sup> Pogge Th. (2003), Porter assistance aux pauvres du monde-Assisting the global poor-, *Raison publique*, n°1, Octobre, Bayard, pp. 104-108, translated to French by P. Savidan.

culture, the religious, philosophical and moral traditions, the demographic policy, the governments etc. For Thomas Pogge, we must not ignore or obscure the burden of a history tainted by unspeakable horrors: sordid slavery, unscrupulous colonialism and even atrocious genocides. *"Though these crimes are now in the past, they have left a legacy of great inequalities which would be unacceptable even if peoples were now masters of their own development ... By seeing the problem of poverty merely in terms of assistance, we overlook that our enormous economic advantage is deeply tainted by how it accumulated over the course of one historical process that has devastated the societies and cultures of four continents. »*<sup>9</sup>

Since the end of colonialism the world economic order has been based on rules in favor of the rich countries by protecting them, for example, from developing countries imports via the World Trade Organization (WTO). The control of information, of expertise, of production and access to Information and Communications Technology (ICT), gives rich countries a greater power of negotiation so that this world economic order reflects more the interests of the businesses and citizens of rich countries and, de facto, less those of the poor countries. In these conditions, assistance as an adjustment variable cannot reduce inequality - as little - but instead allows to maintain a hierarchy of wealth levels. To support his thesis, the author borrows the story attributed to Peter Singer *"of a healthy young professor who, walking by a shallow pond, sees a small child in it about to drown. Surely, Singer says, the professor has a duty to save the child, even at the cost of dirtying his clothes. And similarly, he argues, we have a duty to send money to poverty relief organizations that can, for each few dollars they receive, save one more child from a painful hunger death."*<sup>10</sup> In the eyes of Thomas Pogge this perspective reinforces the common moral judgment that the citizens and the rich countries are as responsible for poverty as the healthy young professor is for the child. Several reasons explain this widespread feeling in developed countries:

- Psychologically speaking, it is a source of comfort for the people living in the developed world.
- Considering that the domestic factors are responsible for poverty means underestimating or ignoring the global factors. Since some countries are developing and others are not, it is possible to achieve the eradication of poverty on the basis of the domestic factors.
- Many governments in poor countries are corrupt which is hardly attributable to the world economic order but rather to the behavior of certain elites who do not care about the living conditions of their compatriots. Only after having established democracy and the rule of law in these countries that reforms at the world level could be initiated.

Pogge prefers to emphasize that there is no corruption with neither the corrupted nor the corrupter! Corruption has the effect of enriching a minority at the expense of a majority maintained in a state of poverty or extreme poverty: lack of transparency in awarding public contracts, import licenses granted in return for the most generous kickbacks, bribes in arms industry, imports of unnecessary and overpriced products, etc... in other words, squandering

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<sup>9</sup> Pogge Th. (2003), Porter assistance aux pauvres du monde-Assisting the global poor-, *Raison publique*, n°1, October, Bayard, pp. 104-108, translated to French by P. Savidan.

<sup>10</sup> Singer P., (1972), «Famine, Affluence and Morality», *Philosophy and Public Affairs*, 1, 249-43 in Pogge Th. (2003), Porter assistance aux pauvres du monde-Assisting the global poor-, *Raison publique*, n1, October, Bayard, pp. 104-108, translated to French by P. Savidan.



public money and / or diverting revenues. Worse, "bribed politicians accept the development of sex tourism, the import of toxic products and waste, the location of polluting companies, the forced labor of young children", etc. That is to say so many causes<sup>11</sup> that do not serve the interests of the local population but that hinder their welfare and therefore, development. The solution to poverty and extreme poverty is not public assistance if it maintains the disparity in living standards, nor the private generosity of some and altruism of others (that must not be ignored) whose impact is very limited. Without hushing up the (co) responsibility of certain elites in the poor countries, according to Pogge, we must really:

- reduce the harm caused.
- not take advantage of injustice at the expense of those who endure it.
- compensate the poor .i.e. reduce the impact of unfair global rules that result in positive externalities for rich countries (such as the exploitation of natural resources in poor countries) and negative externalities for poor countries (inveiglement of their resources, environmental pollution, namely greenhouse effects due mainly to rich countries' consumption patterns).

### **Back to the sources of failure of aid to Africa:**

Between 1948 and 1952, the United States transferred more than 13 billion dollars (100 billion dollars today) to assist in the reconstruction of Europe after World War II. We agree to acknowledge the resounding success of the Marshall Plan to rebuild the European economies devastated by war. The plan did not only ensure the economic success of recipient nations, it also contributed, in the opinion of many analysts, to the restoration of political and social institutions of crucial importance for peace and prosperity today in Western Europe. This is true, but even if the idea of aid policy to Africa arose from the success of the Marshall Plan in Europe, these are two completely different realities. Presenting the positive results of the Marshall Plan as a promise of similar achievements in tomorrow's Africa is completely wrong.

### **Why?**

First, the European nations were not totally dependent on aid. Despite the ravages of war, the economic revival of Western Europe was already underway; the continent had other resources. At their peak, the flows of the Marshall Plan represented only 2.5% of the GDP of the main recipient countries, such as France and Germany, and somehow they never exceeded 3% of the GDP of any country in the five year term of the program. Africa, long submerged by aid, receives today assistance for development equivalent to almost 15% of its GDP, more than four times the Marshall Plan at its peak. According to Dambisa Moyo (2009) "*Given Africa's poor economic performance in the past fifty years, while billions of dollars of aid have poured in, it is hard to grasp how another swathe of billions will somehow turn Africa's aid experience into one*

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<sup>11</sup>The IMF latest estimates are edifying: the amount of money laundered is tenfold or even more since 1990. Other than drugs and forgery, the underground economy covers the trafficking in human organs, endangered species, industrial waste, counterfeit money, handguns and nuclear centrifuges.

*of success.*"<sup>12</sup>

In addition, the Marshall Plan was time limited. The United States had set a target, the European countries accepted the terms of the contract and signed the document. Money flowed abundantly for five years only. In contrast to the Marshall Plan financial injection, decisive but short, Africa has, generally speaking, received uninterrupted support for at least fifty years. An ongoing aid for an unlimited duration so that no effort would be needed. Thus, in the absence of any explicit threat of aid interruption, and as nothing inspires the feeling that one day it could end, African governments have had to consider the aid as a permanent and secure source of income; they have no reason to think that the lakes of lucre will not continue to flow indefinitely. There is no incentive to build long-term financial plans, no rhyme or reason to look for other ways to finance development when all you have to do is sit and wait quietly for your check to cash.

Crucially, the Marshall Plan context was so different from the African context. Before the war, the devastated European nations had already the necessary institutions: they had an experienced public service, well-managed companies, an administration of the courts and effective social organizations. After the war, all it took was an injection of money to restart the machine. The Marshall Plan provided an aid for reconstruction, not for economic development. No matter how wrecked Europe was, it had a structure in place, a political, economic and physical structure, while, despite the infrastructure inherited from colonialism, Africa had not experienced any effective development. Building, and not rebuilding, the political and social institutions requires more than money. The flow of billions of simoleons of aid, poorly controlled and regulated as little as possible has resulted in undermining the establishment of these institutions as well as of a sustainable growth. In this respect, the recent and successful experience of Ireland (before the subprime crisis), which received substantial sums from the European community, cannot be cited as evidence that aid might work in Africa. For, as the post-war Europe, Ireland had the institutions and infrastructure required to master and control aid and make it produce a significant economic impact.

Ultimately, while the aid provided by the Marshall Plan targeted the physical infrastructure mainly, assistance to Africa covers almost every aspect of the economy. In most poor countries today, the aid is channeled to the public service, the political institutions, the military, public health, education, infrastructure.... The more the scope of aid is extended the more corrosive aid is, and the greater aid dependency culture is.

Aid advocates underline the economic success of the countries which today have ceased to be assisted after having received assistance in the past. These are countries such as those of the IDA (International Development Association). They are twenty-two countries and they include some of the emerging countries that experienced the greatest economic successes: Chile, China, South Korea, Thailand and Turkey. Three of them only are African: Botswana, Equatorial Guinea (mainly because of the discovery of oil deposits) and Swaziland.

Aid champions suggest that these countries have substantially reduced poverty, increased income and improved the living standards thanks to a large-scale assistance.

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<sup>12</sup> Moyo D., *L'aide fatale-Dead Aid-*, Editions JC Lattès, 2009.

However, as in the case of the Marshall Plan, it should be noted that the aid flows in question were relatively moderate (i.e. less than 10% of the GNP) and of short duration. Botswana, often cited as the classic example of a good student of the IDA, had actually received substantial foreign assistance in 1960 (20% of the GNP). Between 1968 and 2001, the average economic growth of Botswana per capita reached 6.8%, one of the highest in the world. But it is not aid that is to be held accountable for this performance. Botswana had vigorously pursued a policy favoring the market economy and that is the key to its success - its trade policy was open to competition, monetary stability was sought and the fiscal discipline observed. Crucially enough, in 2000, the aid to Botswana represented only 1.6% of the national income, that is to say, a tiny proportion compared to aid nowadays in so many African countries. The success of Botswana lies in the fact that it ceased to be aid dependent.

Until the middle of the first decade of the 21st century, many believed that aid was synonymous with poverty reduction. The theses which were developed afterwards came to deny this approach. In her book "Dead Aid", Dambisa Moyo cites the fictitious example of an African manufacturer of mosquito nets. He produces about 500 nets per week. He employs ten people who, as usual in Africa, maintain each fifteen relatives. Despite their hard work, these people cannot make enough nets to effectively combat the malaria-carrying mosquitoes. A Hollywood star enters the scene, runs a crowdfunding campaign and bullies Western governments into sending 100,000 mosquito nets to the region. The operation amounts to one million dollars. The nets arrive and are distributed. A good altruistic action is accomplished. But once the market was flooded with these nets, the local manufacturer had to close down. His ten employees can no longer feed the 150 souls who depend on them (and who are now forced to live on alms), bearing in mind that in maximum five years the majority of the imported nets will eventually be torn and useless.

This is the micro-macro paradox. An effective intervention in the short term can have only very few lasting benefits. Worse, it risks to unintentionally undermine the existing chances, no matter how fragile they are, of any authentic sustainable development.

Thus, at first sight, aid appears to have a positive effect. But with hindsight, we see that not only the overall situation did not improve, but it worsened.

In almost all cases, short-term assessments create a false impression of aid success. But this kind of assessments is not relevant when it comes to tackling Africa's problems over the long term. We should measure the effectiveness of aid by questioning whether it contributes to sustainable long-term growth and lifts up the greatest number of individuals out of poverty. And from this perspective, aid proves to be a failure.

That is said, the proposal of a new food aid formula launched at the Food Aid Conference in Kansas City in 2005 was an attempt to give a new direction to the policy of assistance which could benefit African farmers. The said proposal would allow a quarter of the US Food for Peace budget to be used for the purchase of food in poor countries, rather than only buy food from American farmers and ship it by sea. Thus, instead of flooding the American food markets and ruining the local farmers, this strategy would lead to use aid money to buy the products from the local farmers and distribute them to the locals in need. Going back to the example of mosquito nets, one could imagine that the donors would buy those nets from the local manufacturers and

then sell them or give them to the locals. This approach should be applied to all problems.

Aid advocates argue that aid works - but that rich countries are not generous enough. They plead that if Africa was given a "big helping hand" i.e. a substantial increase in aid for the decisive investments, Africa could have escaped the persistent poverty trap. In fact, Africa needs increased aid, massively increased aid. Only then things will truly improve.

In 2000, 180 countries subscribed to the Millennium Development Goals (MDG). This eightfold action plan targeted health, education, environment preservation, child mortality, and the alleviation of poverty and hunger. In 2005, the program cost was revalued: an additional injection of \$ 130 billion per year would be needed to achieve the objectives of the MDG in a number of countries. Two years after the collective commitment to this program the United Nations organized an international conference in Monterey, Mexico on the theme: Financing for Development, during which donor countries promised to increase their contributions (an average of 0, 25% of their GNP) and bring them to 0.7% in the belief that the annual additional 200 billion dollars would finally settle the persistent problems of Africa. In practice, most of the commitments made by donor countries were not honored, and aid champions, clinging to the failure of donor countries, saw in it the reason for the backwardness of Africa. But the notion of giving "a big helping hand", the decisive thrust, skirts one of the great problems of aid, namely that it is fungible - that the amounts assigned to a certain goal can be easily diverted, and used differently, especially for irrelevant or even harmful projects. It's noteworthy that the uncontrolled flow of aid always runs the danger of being consumed rather than invested, lining up the pockets of individuals instead of landing in the public treasury. When this happens, and it often does, no sanction is imposed, no punishment is inflicted. More subsidies means more corruption.

One of the gloomiest aspects of this aid fiasco is that donors, politicians, governments, academics, economists and specialists all know deep within themselves that aid does not work, that it never has and it never will. In his comment on some assistance action, the Director of Government Economic Services at the UK Ministry for Trade and Investment made this remark: "They know it is pure hot air but it sells their T-shirts." Welcome to the real world!

Countless studies and reports (often carried out by donor countries) showed that, after several decades, and after billions of dollars spent, aid had not had any appreciable impact on development. Examples: Clemens in 2004 recognized that there was no sustainable impact of aid on growth, Hadjmichael (1995) and Reichel (1995) found a negative relationship between aid and savings, Boone (1996) concluded that aid had financed consumption rather than investment. On the other hand it was demonstrated that foreign aid had increased public spending and unproductive consumption, and failed to promote investment.

Even a cursory glance at the available data suffices to suggest that, while aid has soared over time, growth in Africa has been declining and has been accompanied by a more accentuated poverty. Over the last thirty years the most aid-dependent countries can boast an average annual growth rate of less than 0.2%.

For the majority of these countries the direct consequence of aid was tailspinning into poverty. While before the 1970s most economic indicators were on the rise, a decade later Zambia was economically ruined. Bill Easterly, professor at New York University and former economist at

the World Bank, notes that if Zambia had converted all the aid received since 1960 into investments and had relied on market growth, it would have had in early 1990s a per capita GNP of around 20,000 dollars. Instead, Zambia GNP was lower than in 1960 and was less than 500 dollars per capita! In fact, it should be thirty times higher than it is today. Between 1990 and 1998 aid to Africa skyrocketed from 11 to 66%, a staggering progression, only to see about 600 million Africans controversially trapped in poverty.

The case against aid stands on firm ground, it is so persuasive that even the IMF which plays a leading role in this area warned the fervent supporters who pin high hopes on aid and see in it the instrument of a development it cannot eventually stimulate. The IMF also recommended that governments, donors and organizers of various campaigns be more modest in their statements and not pretend that increased aid would solve the problems of Africa. We would like that this moderation be the prelude to real change.

The most mind-boggling aspect of this issue is that there is no other area of human activity, be it business or politics, where one would not think to change course and would persevere in error in spite of compelling evidence of utter failure.

Such is the status quo: sixty years, over one trillion dollars spent on aid to Africa and a result that is more than modest. If aid was just harmless, if it just did not do what it had claimed to do, this paper would not have been written. The problem is that it is not harmless, it is evil. It is not part of the potential solution, it is part of the issue. In fact, aid is the issue.

## **Conclusions**

Whether at a national or international level, aid aims primarily at helping the alleged "donors" to maintain the devices that perpetuate their positions of power and social privileges, while depriving the poor of their own means to fight against poverty.

For the poor, this aid embodies the logic of an economy which not only commits all humans to often harmful external donations that are beyond their control, but also which destroys the great human and social balances that the vernacular lifestyle of the poor had created to help them confront necessity. The social system this economy seeks to establish in lieu may lead to the perpetual "quarantining" of many people and the dislocation or even the implosion of their societies. It institutionalizes a form of secular charity that transforms the beneficiaries into permanent aid-dependents, thus more and more dependent on a system of needs that corrupts both body and soul alike.

We easily understand now why the promoters of major international meetings regularly held in favor of helping the poor - one of them which gathered Heads of States in March 2002 at Monterrey, Mexico, - carefully avoided any debate on the root causes of the production of misery and injustice. In fact, they are well aware that a careful examination of these cases would unveil the fraud perpetrated today worldwide under the brand of aid. Indeed, such a debate risks to disclose the perverse collusions, often structural, which, always in the name of aid, unify the leaders of the North and the South against their own "subjects". And when, for the sake of propaganda, the Northern "generous donors" threaten to reduce their "aid" on the grounds that the recipient governments are corrupt, this examination would eventually reveal all the

machinery set up by these same donors to "help" these "rogue" governments rule over their own populations. Finally, a serious investigation of the underlying reasons for these maneuvers would demonstrate to the world opinion that the most of the aid destined to eligible poor countries is intended whether to strengthen military and coercive programs or to restructure their economies to be adapted to the requirements of the sole global market.

Hence this bitter conclusion: what we insist on calling aid is but an expense to strengthen the structures that generate misery. However, the victims who are stripped of their real properties are never assisted since they seek to stand out from the global productive system in order to find alternatives in concert with their own aspirations.

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