



Foreign aid to Africa

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British Prime Minister Tony Blair, along with other G-8 leaders, have called for the doubling of foreign aid to African nations by 2010. The idea that foreign aid is a route out of poverty and political instability is not only bankrupted but a cruel and evil hoax as well.

Nearly every sub-Saharan African nation is poorer now than when they became independent during the 1960s and '70s. Since that time, food production has fallen by roughly 20 percent. Since 1975, per capita GDP has fallen at a rate of half of 1 percent annually. Nigerian President Olusegun Obasanjo estimated, "Corrupt African leaders have stolen at least \$140 billion from their people in the four decades since independence." The call for more aid by George Bush, Tony Blair and other G-8 leaders will

produce nothing but more of the same.

Zimbabwe provides an excellent example of why foreign aid, as a way out of poverty, is a fool's errand. Professor Craig Richardson of Salem University in Winston-Salem, N.C., explores this further in "Learning from Failure: Property Rights, Land Reforms, and the Hidden Architecture of Capitalism," a paper written for the American Enterprise Institute's Development Policy Outlook Series (2006). Not that long ago, Zimbabwe was one of the more prosperous African countries. Mr. Richardson writes, "Few countries have failed as spectacularly, or as tragically, as Zimbabwe has over the past half decade. Zimbabwe has transformed from one of Africa's rare success stories into one of its worst

economic and humanitarian disasters." It has the world's highest rate of inflation, currently over 1,000 percent. To put this into perspective, in 1995, one U.S. dollar exchanged for eight Zimbabwe dollars; today, one U.S. dollar exchanges for 100,000 Zimbabwe dollars. Unemployment hovers around 80 percent. Its financial institutions are collapsing. The specter of mass starvation hangs over a country that once exported food.

What's the cause? President Robert Mugabe blames domestic and foreign enemies, particularly England and the United States for trying to bring about his downfall. Of course, according to Mr. Mugabe, and some of the world's academic elite, there's that old standby excuse, the legacy of colonialism and multinational firms exploiting the Third World. The drought is used to "explain" the precipitous drop in agricultural output. Then there's AIDS.

Let's look at drought and AIDS. Zimbabwe's next-door neighbor is Botswana. Botswana has the world's second-highest rate of AIDS infection, and if there's drought in Zimbabwe, there's likely a drought in Botswana, whose major geographic feature is the Kalahari Desert, which covers 70 percent of its land mass. However, Botswana has one of the world's highest per capita GDP growth rates. Moody's

and Standard & Poor gives Botswana an "A" credit rating, the best credit risk on the continent, a risk competitive with countries in central Europe and East Asia.

Botswana compared to her other African neighbors prospers not because of foreign aid. There's rule of law, sanctity of contracts, and in 2004, Transparency International ranked Botswana as Africa's least corrupt country, ahead of many European and Asian countries. The World Forum rates Botswana as one of Africa's two most economically competitive nations and one of the best investment opportunities in the developing world.

Botswana shares a heritage with Zimbabwe, for it, too, was a British colony. What it doesn't share with Zimbabwe explains its success: the rule of law, minimal corruption and, most of all, respect for private property rights. No amount of western foreign aid can bring about the political and socioeconomic climate necessary for economic growth. Instead, foreign aid allows vicious dictators to remain in power. It enables them to buy the allegiance of cronies and the military equipment to oppress their own people, not to mention being able to set up "retirement" accounts in Swiss banks. The best thing westerners can do for Africa is to keep their money and their economic development "experts."

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