Expeditionary Economics

By Kelvin Lum

February 16, 2012

“Aid has failed to deliver the promise of sustainable economic growth and poverty reduction.”

Dambisi Moyo

• The U.S. spent $38 billion dollars on aid in 2010, and is the largest single aid donor.

• There are 21 U.S. government agencies responsible for delivering aid, ranging from the Department of State and USAID to the Departments of the Interior and Transportation.

• However, the U.S. is rated at poorly for efficiency and improving local institutions:

  o A World Bank ranking system puts the US among the lowest in foreign aid quality.

  o A 2005 GAO report stated that only 1/3 of US federal food aid money is spent on actually buying food while the rest is spent on administrative costs.

  o Consequently, steps have been taken to improve this: the Millennium Challenge Corporation scores significantly higher than its US counterparts on these rankings.

• Worldwide, aid effectiveness is poor: from 2005-2011, only 1 in 12 of the Paris Declaration effectiveness measures had been met.

Despite the large amounts of money that the US is spending, it is not being used efficiently nor is it promoting growth and security.
ASP offers an alternative solution: **supporting local entrepreneurship**;

- In development, entrepreneurship is “a means of boosting employment and productivity in depressed regions or in developing countries.”

- For the military, the concept of Expeditionary Economics offers the potential to reorient chaotic and wasteful CERP funding to better support local business development.

- There are strategic applications of supporting entrepreneurship beyond just stability operations and interventions: preventive development, win-win solutions.

- Promoting entrepreneurship assumes that local communities have better knowledge of the market than foreigners and these communities should be responsible for their own economic future.

- Entrepreneurship does not require large aid budgets or massive drives to attract Foreign Direct Investment -- **it unleashes local economic dynamism.**

**Further Reading**

Expeditionary Economics: A New Approach to Foreign Aid

**References**


