

# Expeditionary Economics

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

**Dambisi Moyo** <sup>1</sup>

- The U.S. spent \$38 billion dollars on aid in 2010, and is the largest single aid donor. <sup>2</sup>
- 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. <sup>3</sup>
  - 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. <sup>4</sup>
  - o Consequently, steps have been taken to improve this: the Millennium Challenge Corporation scores significantly higher than its US counterparts on these rankings. <sup>5</sup>
- Worldwide, aid effectiveness is poor: from 2005-2011, only 1 in 12 of the Paris Declaration effectiveness measures had been met. <sup>6</sup>



**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.”<sup>7</sup>
- 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

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