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BOOKSHELF

'Edge of Chaos' Review: A System in Need of an Overhaul

Democratic capitalism is a peerless engine of economic growth, but it threatens to break down if current trends continue. George Melloan reviews "Edge of Chaos" by Dambisa Moyo.



Economist Dambisa Moyo in 2009. PHOTO: DAVID LEVENSON/GETTY IMAGES

By *George Melloan*

April 24, 2018 7:17 p.m. ET

Dambisa Moyo, a Zambian-born economist, made a name for herself in 2009 with "Dead Aid," arguing persuasively that foreign aid has preserved poverty in Africa instead of relieving it. Now she is embarked on an even larger project, proposing reforms in democracy itself in the developed world.

Ms. Moyo is a dedicated democratic capitalist. After earning a master's degree at Harvard in public administration and a Ph.D. in economics at St. Antony's College, Oxford, she did a turn at Goldman Sachs before becoming a full-time author. She serves on several corporate boards.

She writes that economic "growth matters—powerfully—to ordinary people" and that democratic capitalism has "proven itself, historically, to be a peerless tool for growth. . . . Nevertheless, the system urgently needs an overhaul if we are to jump-start the global economy." She is concerned about the world's rising debt level and about threats to international trade: "Established measurements suggest that globalization is now slowing, or worse, receding." The diminution of global trade, the collapse of cross-border capital flows and the mounting constraints on the movement of labor—separately or together, she believes, these developments will result in deteriorating living standards and geopolitical unrest. There is even the danger, she adds, of "a global economic death spiral."

If you overlook the hyperbole, Ms. Moyo's diagnosis is worth pondering. The anti-immigration backlash in Europe and the United States, not to mention Donald Trump's trade sparring and protectionist leanings, are unsettling. But what she offers up as a solution—she calls it her Blueprint for a New Democracy—sounds a little dodgy as well. To her credit, she offers the arguments both for and against her 10 reform proposals. Most of the proposals focus on shoring up America's democratic functions, but they could easily apply, in broad principle, elsewhere.

Ms. Moyo thinks generally that policy makers should take a longer view. To that end she argues for longer terms for elected officials, with term limits. She cites the Mexican six-year, one-term presidency as an example, though it is probably not the best example: More than a few of Mexico's presidents have worn out their welcomes long before their six years were up.

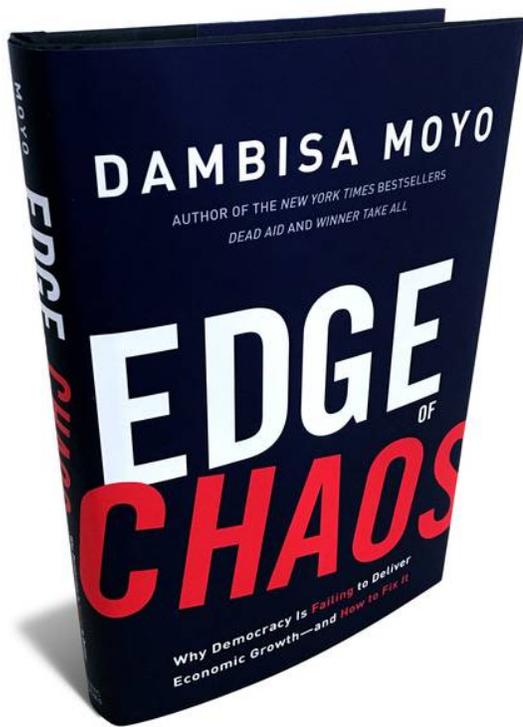


PHOTO: WSJ

EDGE OF CHAOS

By Dambisa Moyo

Basic, 296 pages, \$30

The U.S. president, Ms. Moyo suggests, should have more unilateral power to bind the country to long-term treaties. But we've had a recent experience with Barack Obama achieving that result de facto by signing "agreements" to bypass the constitutional requirement for Senate treaty ratification. One such agreement, the Iran pact, can hardly be said to have long-term reliability, since the current president or any future one can scuttle it at will. Even a more formal version of unilateral presidential treaty power would be vulnerable to the undoing of a future officeholder.

Stronger treaties, however arrived at, would further democracy, Ms. Moyo claims. But she correctly observes that European governments have not obeyed the budgetary obligations they signed onto with the 1992 Maastricht Treaty.

It's not clear how the new "regime for enforcement" she calls for would work any better than the one the Germans tried to write into Maastricht. In any case, the will of the people may not match the desires of diplomats. Britain's voters have rejected existing dictation from

Brussels.

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Ms. Moyo wants stronger campaign-finance laws, although she admits that it is hard to make a case that the ones we have now deliver better policies. A more useful discussion might have asked whether we might fare better with fewer such laws, or none at all. Her argument for the nonpartisan redrawing of congressional districts is fine in theory but fails to acknowledge that it is probably technically impossible to draw districts that would achieve a true balance between the two major parties. She thinks that the pay of political leaders should be comparable with that of corporate chieftains, in order to attract better talent. That proposal,

too, is fine in theory, but since the pay levels of corporate chieftains are already under political attack, it doesn't seem likely that voters would favor raising the paychecks of public servants to such levels.

Ms. Moyo proposes requiring citizens to pass a civics quiz before getting access to the voting booth. Another proposal: super-votes for people with advanced or professional degrees. A better-informed electorate is a laudable objective, but one recalls Thomas Sowell's shrewd observation, in "Intellectuals and Society," that members of the so-called intelligentsia seem more susceptible to wild ideas than people who are less brainy. Ms. Moyo's suggestion that "countries might establish a national journalistic champion mandated to provide impartial information and coverage that voters can use as the basis for informed choices" seems utopian, given the current trend away from impartiality in the press. She cites the BBC as an example. That will raise eyebrows with those Brits who argue that the BBC has its own brand of tendentiousness.

"Edge of Chaos" ends up being rather conventional for a book with such a lurid title. It is studded with factoids and research findings that readers will no doubt find interesting, but Ms. Moyo could have been more discriminating, and skeptical, in some of her choices. The best part is her warning that the free-market capitalism that has lifted millions of people out of poverty in the past half-century may be facing severe tests. That's a message that Americans should always heed. We may not be on the edge of chaos, but democratic capitalism always needs defenders. Ms. Moyo reminds us that what has been achieved can also be undone by anti-capitalist politics, errors of public policy and accidents of history.

Mr. Melloan is a former deputy editor of the Journal editorial page and the author of "Free People, Free Markets: How the Wall Street Journal Opinion Pages Shaped America."

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