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BOOK REVIEW

Postmodern development

William Easterly, the White Man's Burden: Why the West's efforts to aid the rest have done so much ill and so little good (New York: The Penguin Press, 2006)

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The *White Man's Burden* is an important and timely book, since its publication dovetails with calls by the United Nations upon donors to nearly double foreign assistance to over $100 billion a year. Jeffrey Sachs urges quadrupling aid to around $200 billion. Tony Blair, with Bono as an aid adviser, convinced the G8 at their annual summit last July to pledge to double assistance to Africa to $50 billion annually.

William Easterly seems to be the last sober man at the intoxicated potlatch of rock stars and the strangest of groupies, aid donors and the former free-market shock therapy czar. He pulls away the proverbial punch bowl (recalling that past experience points to a bigger than ever hangover) by noting the uncomfortable detail that there is little to show for the past half century of $2.3 trillion dollars of foreign assistance ($570 billion to Africa). In a popularized continuation of the arguments and data he mustered in *The Elusive Quest for Growth*, he shows why (Easterly, 2001). Top-down planning, promulgated by centralized aid bureaucracies with pretensions to universal knowledge and solutions, doesn't work. Bottom-up, piecemeal interventions, generated in response to specific situations out of local knowledge, do work. It's really the quintessential post-modern deconstruction of the discourse of big development, pithily (perhaps facilely) encapsulated by Easterly in his contrast throughout the book between "planners" (bad) and "searchers" (good). And who is the biggest "planner" of all—well it should come as no surprise that it's the World Bank, where Easterly worked as a senior economist for over 16 years, until he was cast out as an apostate for declaring that the Emperor of Development had no clothes.

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Easterly contrasts grandiose, planned development disasters with anecdotal successes of developing country social entrepreneurs, “small answers” honed by input from the people who are supposed to be helped. These “searchers” combine bottom up initiatives that are finely tuned to local cultural, social and historical conditions, piecemeal successes that are not globally replicable, nor universally valid. The great merit of Easterly’s book is to show that the problem is not the absence of universal, global solutions, it’s looking for them in the first place—and then structuring institutions around universal global discourses and treating the world as a Procrustean bed to impose them (Case in point: the Washington Consensus).

One of Easterly’s core insights about “searchers” is an obvious but often forgotten practical business truth. Citing Columbia Business School Professor’s William Duggan’s study, *The Art of What Works*, he notes that most successful businesses do not “set a prefixed goal and furiously labor to reach it,” but rather are flexibly disposed to seize opportunities for profit in a world of constantly shifting circumstances, which can never be fully understood, managed and controlled (Duggan, 2003).

In his odyssey through the ruins of big development Easterly takes no prisoners. He details “the complete disdain for all that exists...history, society, the economics of present institutions” (quoting Maryland economist Peter Murrell) in the interventions of aid institutions in Russia in the 1990s. He argues that aid undermines governance and facilitates corruption (the country that received the largest number of IMF standby agreements over the past half century was....Haiti: 22 IMF loans, of which 20 went to the regimes of Papa and Baby Doc Duvalier). Hundreds of billions in World Bank and IMF adjustment loans have had no discernable overall impact on improving economic performance. He cites several studies that demolish the popular thesis advanced by World Bank economist David Dollar that at least aid can help where there is good governance. Easterly affirms, “We found no evidence that aid raised growth among countries with good policies...”

There is something worse than the so-called “resource curse,” the paradoxical correlation between abundant revenue in poor countries from oil or mining, and poor government services, lack of democracy, corruption, infant mortality, illiteracy and a host of other negative development indicators. Yes, Easterly concludes, it’s the “aid curse.”

He documents the persistent failure of other centralized, top-down interventions of international institutions in humanitarian and peace-keeping operations. He can’t resist citing the U.S. intervention in Iraq (“Invading the Poor”) as the paroxysm of the top-down, centrally planned approach to spread free markets and democracy. In a book full of wicked apothegms, one of the best is “This is what structural adjustment looks like when it has an army and navy.”

One of the most striking features in this odyssey is how little things really change in the development world, and how aid agencies have institutionalized a lack of learning while carefully honing rhetoric to purport the contrary. He notes that the current flurry of rhetoric around the Millennium Development

Goals is nothing more than the latest reincarnation of a discredited approach dating back to the 1950s, the "Big Push," whose leading proponent was the head of the World Bank economics advisory staff from 1947 to 1953, Paul Rosenstein-Rodan. The hypothesis was that poor countries were caught in a vicious circle of a "poverty trap," which could only be broken by an external push of a critical mass of outside aid and investment.

Easterly points out that the critical flaw in the top-down approach is the lack of feedback from, and accountability to, the intended recipients of all this putative largesse: the poor. None of this is new, including the institutionalized lack of learning in the World Bank and similar agencies, which was perhaps most devastatingly expressed in the conclusions of a Bank internal review of its ongoing lending portfolio in the late 90s: "Institutional amnesia is the corollary of institutional optimism."

In fact, many of Easterly's points have been made decades before by leading development economists, sadder and wiser in their waning years. By the early 1980s, two of the pioneers of international development theory, Gunner Myrdal and P.T. Bauer, were so disillusioned with aid in general, and the World Bank in particular, that they advocated the halt of most foreign assistance, except for disaster relief and, in the case of Myrdal, for health care, sanitation and food production for the poor. Bauer in particular is an intellectual godfather of Easterly's critique. Even as the Bank and other agencies pursued the "Big Push" in the 1950s, Bauer recounts, "I wrote that...foreign aid...was not indispensable for the progress of poor countries and...it often served to underwrite and prolong extremely damaging policies...."

Where did Bauer and Myrdal make this prescient critique? In a series of lectures by the "Pioneers in Development" held at the World Bank in 1983 and 1984 (Meier and Seers, 1984).

Another influence whom Easterly cites is Yale political scientist James C. Scott, who in *Seeing Like a State* writes of the abuses of "high modernist ideology," the social and environmental disasters that a hubristic faith in paradigmatic knowledge and control has wrought through state-sanctioned development schemes (Scott, 1998). Failure is guaranteed by willful ignorance of the complexity and heterogeneity of local social, ecological and economic systems.

So what's the solution? Echoing the anti- World Bank protesters of the past decade Easterly declares that "60 years of planners is enough!" "Throw in the trash can," he exhorts, "all the comprehensive frameworks and central plans, worldwide goals. Just respond to each local situation according to what people need and want."

One senses Easterly's exhilaration of having been liberated, albeit involuntarily, from 16 years of World Bank managerial meetings and planning memos. But what exactly are we to do with all these institutions? He suggests that if foreign aid were a country, the World Bank and IMF would recommend the abolition of state ownership, downsizing, rapid privatization, and ending bureaucratic master plans. He recommends changing internal incentive systems to hold individual staff accountable for specific results in specific interventions, and institutionalizing outside, independent evaluation systems for the performance of the World Bank and other aid agencies. In response to independent evaluations, agencies should be rewarded or punished (with more or less resources). They should focus on the sectors and countries where they have expertise and proven successes.

Some people would be shocked that such basic accountability mechanisms were not instituted in the aid bureaucracies long ago, but remember, institutional optimism can only persist through organizational amnesia. The Bank, for example, has had an internal Operations Evaluation Department—staffed by rotating groups of Bank professionals—since the 1970s. Easterly observes that if he asked his students at NYU to grade themselves they would not study very hard, but that's precisely what the international aid establishment does. The 2000 Meltzer Commission report (the bi-partisan Congressional International Financial Institutions Advisory Commission chaired by Carnegie-Mellon economist Alan Meltzer) also recommended independent evaluations.

Easterly's principles for organizational reform are individual accountability for individual tasks, support what works, experiment, evaluate, reward success and penalize failures, give staff the right incentives. But there's hardly a bureaucracy in existence that doesn't claim these are its guiding management principles. It's true, the devil is in the details, and often enough behind the Orwellian fog of management-speak and public relations propaganda, the functional, operational reality—and not just of aid institutions—is precisely the contrary, i.e., institutional self-preservation and aggrandizement, and beef up the External Relations staff to handle any criticism.

But so reformed, what would the World Bank and other aid agencies do? Here is Easterly's list: "get the poorest people in the world such obvious goods as the vaccines, the antibiotics, the food supplements, the improved seeds, the fertilizer, the roads, the boreholes, the water pipes, the textbooks, and the nurses." Not that all the focus should be on projects. He also calls for "advice on good macroeconomic management, simplifying business regulations" and promotion of "a merit-based civil service." Uncannily, this sounds a lot like the "Basic Needs" approach that was the development flavor of the decade in the 1970s (after the failures of the "Big Push" were clear), coupled with something that sounds suspiciously close to the "good policy framework" that was the official rationale for adjustment in the '80s and '90s. And Easterly's prescriptions sound like the beginnings of....a plan, recycling elements of old ones at that.

Finally, although Easterly's book is a popularization, it implicitly raises the most critical theoretical questions about the effectiveness of large organizations and the *praxis* through which they engage the world. He doesn't explore these issues in detail, but it's worth examining them.

As an alternative to the approach of the "planners," for example, James C. Scott urges respect for local knowledge and tradition, "the wide array of practical skills and acquired knowledge in responding to a constantly changing natural and human environment." He uses the classical Greek term *Metis* to characterize this knowledge, which is not amenable to systematization or summarizing in universal rules. *Metis* is the "cunning" or "cunning intelligence" that Odysseus uses to survive his extraordinary journey and eventually reach home. It is also the local knowledge and practice of many traditional rural communities and social entrepreneurs which has been so systematically ignored, at tremendous cost, by large-scale economic development schemes.

Indeed, *The White Man's Burden* is anchored in a debate going back to the beginning of the Modern Age. Easterly gives us a hint by quoting Montaigne to introduce his penultimate chapter on successful "homegrown development." Philosopher Stephen Toulmin argued in *Cosmopolis: The Hidden Agenda of Modernity*, that there are two origins of Modernity: the first was in sixteenth century Renaissance humanism embodied by Montaigne and Erasmus, characterized by a gentle skepticism and humility concerning human reason and power, coupled with tremendous openness to the particulars of creation, be they natural or human (Toulmin, 1992). This humanist phase was replaced by a quest for certainty in both rationality and method on the one hand, and faith on the other hand, in the seventeenth century, the age of Descartes, Bacon and the Counter-Reformation. The humanist skepticism of the sixteenth century doubted there were any general truths or certainties. According to Toulmin, the Cartesian reductionist rationalism of the subsequent century sought absolute certainty in the abstract and universal, as opposed to the specific, the concrete, the local, and the contingent. It was precisely a period of greater political, economic and social instability in the seventeenth century—of which the hecatomb of the Thirty Years War was an outstanding example—that prompted a cultural search for intellectual and political authority, hierarchy, and stability. That perhaps is the underlying dilemma confronting institutions today, in an era where both rationalistic economic fundamentalism and religious obscurantism are overshadowing the humanistic modesty and respect for local knowledge and local solutions whose urgency Easterly so cogently underscores.

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