

The Ideology of Development

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The failed ideologies of the last century have come to an end. But a new one has risen to take their place. It is the ideology of Development—and it promises a solution to all the world’s ills. But like Communism, Fascism, and the others before it, Developmentalism is a dangerous and deadly failure.

A dark ideological specter is haunting the world. It is almost as deadly as the tired ideologies of the last century — communism, fascism, and socialism — that failed so miserably. It feeds some of the most dangerous trends of our time, including religious fundamentalism. It is the half-century-old ideology of Developmentalism. And it is thriving.

Like all ideologies, Development promises a comprehensive final answer to all of society’s problems, from poverty and illiteracy to violence and despotic rulers. It shares the common ideological characteristic of suggesting there is only one correct answer, and it tolerates little dissent. It deduces this unique answer for everyone from a general theory that purports to apply to everyone, everywhere. There’s no need to involve local actors who reap its costs and benefits. Development even has its own intelligentsia, made up of experts at the International Monetary Fund (IMF), World Bank, and United Nations. The power of Developmentalism is disheartening, because the failure of all the previous ideologies might have laid the groundwork for the opposite of ideology—the freedom of individuals and societies to choose their destinies. Yet, since the fall of communism, the West has managed to snatch defeat from the jaws of victory, and with disastrous results. Development ideology is sparking a dangerous counterreaction. The “one correct answer” came to mean “free markets,” and, for the poor world, it was defined as doing whatever the IMF and the World Bank tell you to do. But the reaction in Africa, Central Asia, Latin America, the Middle East, and Russia has been to fight against free markets. So, one of the best economic ideas of our time, the genius of free markets, was presented in one of the worst possible ways, with unelected outsiders imposing rigid doctrines on the xenophobic unwilling.

The backlash has been so severe that other failed ideologies are gaining new adherents throughout these regions. In Nicaragua, for instance, IMF and World Bank structural adjustments failed so conspicuously that the pitiful Sandinista regime of the 1980s now looks good by comparison. Its leader, Daniel Ortega, is back in power. The IMF’s actions during the Argentine financial crisis of 2001 now reverberate a half decade later with Hugo Chávez, Venezuela’s illiberal leader, being welcomed with open arms in Buenos Aires. The heavy-handed directives of the World Bank and IMF in Bolivia provided the soil from which that country’s neosocialist president, Evo Morales, sprung. The disappointing payoff following eight structural adjustment loans to Zimbabwe and \$8 billion in foreign aid during the 1980s and 1990s helped Robert Mugabe launch a vicious counterattack on democracy. The IMF-World Bank-Jeffrey Sachs application of “shock

therapy” to the former Soviet Union has created a lasting nostalgia for communism. In the Middle East, \$154 billion in foreign aid between 1980 and 2001, 45 structural adjustment loans, and “expert” advice produced zero per capita GDP growth that helped create a breeding ground for Islamic fundamentalism.

This blowback against “globalization from above” has spread to every corner of the Earth. It now threatens to kill sensible, moderate steps toward the freer movement of goods, ideas, capital, and people.

DEVELOPMENT’S POLITBURO

The ideology of Development is not only about having experts design your free market for you; it is about having the experts design a comprehensive, technical plan to solve all the problems of the poor. These experts see poverty as a purely technological problem, to be solved by engineering and the natural sciences, ignoring messy social sciences such as economics, politics, and sociology.

Sachs, Columbia University’s celebrity economist, is one of its main proprietors. He is now recycling his theories of overnight shock therapy, which failed so miserably in Russia, into promises of overnight global poverty reduction. “Africa’s problems,” he has said, “are ... solvable with practical and proven technologies.” His own plan features hundreds of expert interventions to solve every last problem of the poor—from green manure, breast-feeding education, and bicycles to solar-energy systems, school uniforms for aids orphans, and windmills. Not to mention such critical interventions as “counseling and information services for men to address their reproductive health needs.” All this will be done, Sachs says, by “a united and effective United Nations country team, which coordinates in one place the work of the U.N. specialized agencies, the IMF, and the World Bank.”

So the admirable concern of rich countries for the tragedies of world poverty is thus channeled into fattening the international aid bureaucracy, the self-appointed priesthood of Development. Like other ideologies, this thinking favors collective goals such as national poverty reduction, national economic growth, and the global Millennium Development Goals, over the aspirations of individuals. Bureaucrats who write poverty-reduction frameworks outrank individuals who actually reduce poverty by, say, starting a business. Just as Marxists favored world revolution and socialist internationalism, Development stresses world goals over the autonomy of societies to choose their own path. It favors doctrinaire abstractions such as “market-friendly policies,” “good investment climate,” and “pro-poor globalization” over the freedom of individuals. Development also shares another Marxist trait: It aspires to be scientific. Finding the one correct solution to poverty is seen as a scientific problem to be solved by the experts. They are always sure they know the answer, vehemently reject disagreement, and then later change their answers. In psychiatry, this is known as Borderline Personality Disorder. For the Development Experts, it’s a way of life. The answer at first was aid-financed investment and industrialization in poor countries, then it was market-oriented government policy reform, then it was fixing institutional problems such as corruption, then it was globalization, then it was the Poverty Reduction Strategy to achieve the Millennium Development Goals.

One reason the answers keep changing is because, in reality, high-growth countries follow a bewildering variety of paths to development, and the countries with high growth

rates are constantly changing from decade to decade. Who could be more different than successful developers such as China and Chile, Botswana and Singapore, Taiwan and Turkey, or Hong Kong and Vietnam? What about the many countries who tried to emulate these rising stars and failed? What about the former stars who have fallen on hard times, like the Ivory Coast, which was one of the fastest developers of the 1960s and 1970s, only to become mired in a civil war? What about Mexico, which saw rapid growth until 1980 and has had slow growth ever since, despite embracing the experts' reforms? The experts in Developmentalism's Politburo don't bother themselves with such questions. All the previous answers were right; they were just missing one more "necessary condition" that the experts have only just now added to the list. Like all ideologies, Development is at the same time too rigid to predict what will work in the messy real world and yet flexible enough to forever escape falsification by real-world events. The high church of Development, the World Bank, has guaranteed it can never be wrong by making statements such as, "different policies can yield the same result, and the same policy can yield different results, depending on country institutional contexts and underlying growth strategies." Of course, you still need experts to figure out the contexts and strategies.

RESISTANCE IS FUTILE

Perhaps more hypocritical yet is Development's simple theory of historical inevitability. Poor societies are not just poor, the experts tell us, they are "developing" until they reach the final stage of history, or "development," in which poverty will soon end. Under this historiography, an end to starvation, tyranny, and war are thrown in like a free toaster on an infomercial. The experts judge all societies on a straight line, per capita income, with the superior countries showing the inferior countries the image of their own future. And the experts heap scorn on those who resist the inevitabilities on the path to development. One of today's leading Developmentalists, *New York Times* columnist Thomas Friedman, can hardly conceal his mockery of those who resist the march of history, or "the flattening of the world." "When you are Mexico," Friedman has written, "and your claim to fame is that you are a low-wage manufacturing country, and some of your people are importing statuettes of your own patron saint from China, because China can make them and ship them all the way across the Pacific more cheaply than you can produce them ... you have got a problem. [T]he only way for Mexico to thrive is with a strategy of reform ... the more Mexico just sits there, the more it is going to get run over." Friedman seems blissfully unaware that poor Mexico, so far from God yet so close to American pundits, has already tried much harder than China to implement the experts' "strategy of reform." The self-confidence of Developmentalists like Friedman is so strong that they impose themselves even on those who accept their strategies. This year, for instance, Ghana celebrated its 50th anniversary as the first black African nation to gain independence. Official international aid donors to Ghana told its allegedly independent government, in the words of the World Bank: "We Partners are here giving you our pledge to give our best to make lives easier for you in running your country." Among the things they will do to make your life easier is to run your country for you. Unfortunately, Development ideology has a dismal record of helping any country actually develop. The regions where the ideology has been most influential, Latin America and Africa, have done the worst. Luckless Latins and Africans are left chasing yesterday's

formulas for success while those who ignored the Developmentalists found homegrown paths to success. The nations that have been the most successful in the past 40 years did so in such a variety of different ways that it would be hard to argue that they discovered the “correct answer” from development ideology. In fact, they often conspicuously violated whatever it was the experts said at the time. The East Asian tigers, for instance, chose outward orientation on their own in the 1960s, when the experts’ conventional wisdom was industrialization for the home market. The rapid growth of China over the past quarter century came when it was hardly a poster child for either the 1980s Washington Consensus or the 1990s institutionalism of democracy and cracking down on corruption.

What explains the appeal of development ideology despite its dismal track record? Ideologies usually arise in response to tragic situations in which people are hungry for clear and comprehensive solutions. The inequality of the Industrial Revolution bred Marxism, and the backwardness of Russia its Leninist offshoot. Germany’s defeat and demoralization in World War I birthed Nazism. Economic hardship accompanied by threats to identity led to both Christian and Islamic fundamentalism. Similarly, development ideology appeals to those who want a definitive, complete answer to the tragedy of world poverty and inequality. It answers the question, “What is to be done?” to borrow the title of Lenin’s 1902 tract. It stresses collective social outcomes that must be remedied by collective, top-down action by the intelligentsia, the revolutionary vanguard, the development expert. As Sachs explains, “I have ... gradually come to understand through my scientific research and on the ground advisory work the awesome power in our generation’s hands to end the massive suffering of the extreme poor ... although introductory economics textbooks preach individualism and decentralized markets, our safety and prosperity depend at least as much on collective decisions.”

FREEING THE POOR

Few realize that Americans in 1776 had the same income level as the average African today. Yet, like all the present-day developed nations, the United States was lucky enough to escape poverty before there were Developmentalists. In the words of former IMF First Deputy Managing Director Anne Krueger, development in the rich nations “just happened.” George Washington did not have to deal with aid partners, getting structurally adjusted by them, or preparing poverty-reduction strategy papers for them. Abraham Lincoln did not celebrate a government of the donors, by the donors, and for the donors. Today’s developed nations were free to experiment with their own pragmatic paths toward more government accountability and freer markets. Individualism and decentralized markets were good enough to give rise to penicillin, air conditioning, high-yield corn, and the automobile—not to mention better living standards, lower mortality, and the iPod.

The opposite of ideology is freedom, the ability of societies to be unchained from foreign control. The only “answer” to poverty reduction is freedom from being told the answer. Free societies and individuals are not guaranteed to succeed. They will make bad choices. But at least they bear the cost of those mistakes, and learn from them. That stands in stark contrast to accountability-free Developmentalism. This process of learning from mistakes is what produced the repositories of common sense that make up mainstream economics.

The opposite of Development ideology is not anything goes, but the pragmatic use of time-tested economic ideas—the benefits of specialization, comparative advantage, gains from trade, market-clearing prices, trade-offs, budget constraints—by individuals, firms, governments, and societies as they find their own success.

History proves just how much good can come from individuals who both bear the costs and reap the benefits of their own choices when they are free to make them. That includes local politicians, activists, and businesspeople who are groping their way toward greater freedom, contrary to the Developmentalists who oxymoronically impose freedom of choice on other people. Those who best understood the lessons of the 20th century were not the ideologues asking, “What is to be done?” They were those asking, “How can people be more free to find their own solutions?”

The ideology of Development should be packed up in crates and sent off to the Museum of Dead Ideologies, just down the hall from Communism, Socialism, and Fascism. It’s time to recognize that the attempt to impose a rigid development ideology on the world’s poor has failed miserably. Fortunately, many poor societies are forging their own path toward greater freedom and prosperity anyway. That is how true revolutions happen.

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