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## How to solve the foreign aid conundrum

By Virginia Postrel *The New York Times*

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The White Man's Burden Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good By William Easterly 436 pages. \$27.95. The Penguin Press.

Malaria infects 300 million to 500 million people a year, causing severe pain and debilitation. A million of those taken ill die, mostly infants and young children. Of the deaths, which amount to a child every 30 seconds, more than 80 percent occur in the poor countries of Africa.

Insecticide-treated mosquito nets, which cost \$5 or less, could prevent most infections. A mere \$2.50 in medicine can treat the deadliest form of the disease, the World Health Organization reports.

So why don't we just buy the nets and medicines? If we cared as much about the poor as Bono does, couldn't the rich countries wipe out malaria and also eliminate the world's worst poverty? It's not that simple, William Easterly argues in "The White Man's Burden." When aid agencies hand out mosquito nets in poor countries, he writes, "nets are often diverted to the black market ... or wind up being used as fishing nets or wedding veils." Free nets don't get to the people who need them.

But in rural Malawi, clinics serving new mothers sell insecticide-treated bed nets for 50 cents each. The nets come from a program developed by local Malawians working for Population Services International, a Washington-based nonprofit organization. In Malawi's cities, the group sells nets for \$5 each, using the profits to subsidize sales in the countryside.

The program, Easterly reports, has "increased the nationwide average of children under 5 sleeping under nets from 8 percent in 2000 to 55 percent in 2004. ... A follow-up survey found nearly universal use of the nets by those who paid for them." By contrast, when a Zambian program handed out free nets, "70 percent of the recipients didn't use" them. Charging for nets may sound hardhearted, but prices provide vital information about commitment.

The world's poor need more focused, trial-and-error programs like the Malawian net distribution and fewer ambitious plans to cure poverty, Easterly argues. There are two tragedies of the world's poor. The first is the one we hear about: that so many people suffer so much for lack of inexpensive remedies.

The second, he says, "is the tragedy in which the West spent \$2.3 trillion on foreign aid over the last five decades and still had not managed to get 12 cent medicines to children to prevent half of all malaria deaths. The West spent \$2.3 trillion and still had not managed to get \$4 bed nets to poor families. The West spent \$2.3 trillion and still had not managed to get \$3 to each new mother to prevent five million child deaths." The West is not stingy. It is ineffective.

A professor at New York University and a senior fellow at the Center for Global Development, Easterly spent most of his career as an economist at the World Bank. He had to leave that job after publishing his iconoclastic 2001 book, "The Elusive Quest for Growth," which skillfully combined a history of economists' growth theories with a devastating empirical analysis of the failure of international efforts to spur third world development. The book's theme was "incentives matter."

In "The White Man's Burden," Easterly turns from incentives to the subtler problems of knowledge. If

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rich Westerners truly want to help the poor, rather than just congratulate themselves for generosity, he argues, they have to give up their grand ambitions. Piecemeal problem-solving has the best chance of success.

He contrasts the traditional "Planner" approach of most aid projects with the "Searcher" approach that works so well in the markets and democracies of the West. Searchers treat problem-solving as an incremental discovery process, relying on competition and feedback to figure out what works.

"A Planner thinks he already knows the answers," Easterly writes. "A Searcher admits he doesn't know the answers in advance; he believes that poverty is a complicated tangle of political, social, historical, institutional and technological factors." Planners trust outside experts. Searchers emphasize homegrown solutions.

Local details matter, Easterly argues. Consider a project to teach farmers in Lesotho agricultural techniques. Sponsored by the Canadian International Development Agency and the World Bank, it was a flop. The range management techniques conflicted with local law, which guaranteed open grazing, and the farming plans were doomed by the region's bad weather.

In fact, the locals already knew the area wasn't good for farming. "The project managers complained that the local people were 'defeatist' and didn't think of themselves as farmers," Easterly reports. "Perhaps the locals didn't consider themselves farmers because they were not farmers - they were migrant workers in South African mines."

Failure is, of course, part of trial-and-error learning. The problem is that aid programs rarely get enough feedback, whether from competition or complaint. Instead, Easterly notes, advocates measure success by how much money rich countries spend. Praising the G-8 industrialized nations for doubling aid to Africa, he says, is like reviewing Hollywood films based on their budgets.

Easterly acknowledges that not all foreign aid has failed. In public health and school attendance, where results are relatively easy to measure, focused efforts have made a huge difference. The easier it is to see whether aid is working, he argues, the more likely it is to succeed. "The White Man's Burden" does not match "The Elusive Quest for Growth" as a tour de force. Easterly is doing something harder here: not cataloguing past failures but trying to suggest a more promising approach. But his alternative is still underdeveloped.

After all, Searchers plan, too. The question is not whether to plan, but who makes the plans, how they are changed and where feedback comes from.

"The White Man's Burden" underplays the essential role of competition, not only in markets but between political jurisdictions.

Easterly is better at documenting the failures of planning than analyzing the successes of searching. He examines the problems of post-Soviet Russia but offers nothing about why countries like Poland, the Czech Republic and Estonia have successfully made the transition to capitalism and democracy. Nowhere does he discuss whether the Bill and Melinda Gates Foundation, whose funding comes from one of the world's most effective Searchers, is any more effective than traditional agencies.

Easterly is understandably skittish about generalizations, but extracting lessons from experience is quite compatible with decentralized searching. Businesses in radically different industries learn from one another. Searching includes discovering the day's best practices.

Still, "The White Man's Burden," like "The Elusive Quest for Growth," is an important book. Easterly asks the right questions, combining compassion with clear-eyed empiricism. Bono and his devotees should heed what he has to say.

*Virginia Postrel is the author of "The Future and Its Enemies" and "The Substance of Style."*

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