

Letters: In Defense of Development

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William Easterly, author of [The Ideology of Development](#), spars with Danny Leipziger, Olivier Rubin, and Haider A. Khan.

William Easterly's recent article is like much of his writings: eloquent, provocative, and infuriating ("[The Ideology of Development](#)," [July/August 2007](#)). He compares "Developmentalism" to communism and fascism, claiming it is an ideology that seeks to answer all of society's problems, tolerates little dissent, and favors the collective over the individual. For "Development" practitioners, the analogy doesn't ring true.

Developmentalism, as Easterly calls it, has evolved considerably from the ironclad rules of capital-output ratios to discover new drivers of productivity. It now incorporates institutions and governance into development thinking and has adapted to the realities of globalization. The development intelligentsia Easterly describes is not the monolith he imagines, and it has widened to include responsible nongovernmental organizations, new foundations, and even rock stars. Inside the World Bank, things have also changed since Easterly's retirement a decade ago. There's no "one-size-fits-all" anymore, and we don't dictate to countries from a common prayer book.

The worn-out advice to stabilize, liberalize, and privatize at all costs has few adherents. And developmentalists acknowledge that there have been failures. But does one seriously want to claim that the problems of Bolivia, Venezuela, or Zimbabwe are the result of misguided donors' offering bad advice? Instead, talking to policymakers from South Korea in the 1970s, China in the 1980s, or Vietnam in the 1990s is instructive. They were never led around by Developmentalism's "high priests," but rather knew what they wanted to learn, and—ironically for aid critics—they ascribe much of their success to the development advice they received.

Easterly is right to point out that development is not a linear path, and its prescriptions are not scientific. Still, better strategies do yield better results, and one cannot ignore the fact that progress has been made in raising standards of living worldwide. Some countries are obviously getting it right. That income gains are not the only measure of success is a valid observation, but for someone living on less than a dollar a day, it seems a reasonable place to start.

Development policy is more than a bunch of shibboleths. Talking to successful policymakers confirms this, and attempts to oversimplify are not particularly helpful. Development policy is also not, as is claimed, market unfriendly at its core. It is precisely "the pragmatic use of time-tested economic ideas" that underpins the very Developmentalism Easterly decries. Rather than sending development thinking to the grave, as Easterly suggests, we should continue to learn from development experiences,

both positive and negative, so that decision makers can make wiser choices for their societies.

—Danny M. Leipziger

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I have tremendous respect for William Easterly's work, but his latest article comes dangerously close to turning into a caricature, drowning in exaggerations and distortions. Easterly blames Developmentalism for much of the world's ills, from Zimbabwe's slide into authoritarianism, to helping create a breeding ground for Islamic fundamentalism. But the record sheet from the era of Developmentalism tells a different story.

Developmentalism can be traced back to the Marshall Plan and the first World Bank loans to France in 1947, and since its inception, poverty has declined markedly. The 1997 United Nations Human Development Report notes that global poverty declined more in those 50 years than in the preceding 500 years. From 1990 to 2002, the number of people earning less than a dollar a day was reduced from 27.9 percent to 19.4 percent—elevating 200 million people out of poverty. Life expectancy in developing countries has shot up by more than 50 percent during the past 50 years. In terms of freedoms, on which Easterly places a premium, there has also been an improvement. Freedom House reports a steady increase in the number of free countries with widespread liberal and political rights, up from 42 countries in 1976 to 90 countries in 2006.

It seems absurd to compare the achievements during the era of Developmentalism with the more than 100 million people who perished under the ideologies of communism and fascism. Developmentalism (through funding and policy advice) may have played at least some role in bringing about these positive changes. Alternatively, if these achievements have been brought about *despite* the ideology of Developmentalism, then its ideas and practices are much too weak to earn the label of a deadly, state-controlling ideology. After all, Developmentalism has no army. It has no territory. And its economic might—development aid—merely amounts to about 0.2 percent of global gross domestic product. Clearly, Developmentalism is neither the scariest, nor the deadliest, ideological specter haunting the world today.

—Olivier Rubin

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I am sympathetic to Easterly's criticisms of the unaccountable elites of Development, having seen firsthand the machinations of the International Monetary Fund and other international organizations during the Asian financial crisis of 1997–98. His avoidance of pseudoscientific "explanations" for the lot of the poor by appealing to "culture" is also admirable. However, Easterly ignores the varied and complex role that the state has played in capitalist economic development, and he attributes any economic failures to Developmentalism alone. A more subtle economic history that pays close attention to the

state, markets, and civil society institutions is needed to explain both development and underdevelopment.

There are also serious problems with Easterly's blanket criticisms of foreign aid. First, some cross-sectional statistical models Easterly relies on falsely conclude that aid leads to poor performance rather than the other way around. Second, Easterly overlooks studies showing that the extent of aid effectiveness varies from country to country. Between the extreme pessimism of Easterly, and the rosy optimism of Jeffrey Sachs, there is a cautious middle position backed up by careful research. This research is far more nuanced and points to both specific and systemic dysfunctions that cannot be corrected either by just leaving things alone or by depending only on international financial institutions. The trouble with Easterly's borderline libertarian argument is that the market system simply ignores the great majority of the poor, and many influential theories explicitly assume away absolute poverty from their models. There are strong theoretical as well as practical reasons for interventions to help the poor help themselves.

Amartya Sen's approach and its recent extensions, for example, which uphold individual freedoms in addition to strong state and civil institutions, could provide an alternative approach to development. Such a path wouldn't necessarily negate Easterly's critique, and it could perhaps help develop the positive side of his contributions.

—Haider A. Khan
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William Easterly replies:

Alas, the letter writers mostly validate my criticisms of Development as an ideology. Olivier Rubin wants the Development Experts to take credit for the developing world's economic successes, like the shaman who wants to take credit because the sun rises each morning. Danny Leipziger, whom I respect very much, still typifies the Development Expert who uses the patronizing "we" to designate his place in the priesthood, and who constantly changes the answer to escape Developmentalism's falsification. If the answer keeps changing (Leipziger cites the old wisdom of "stabilize, liberalize, privatize"), it is hard to argue that the answers are working. Successful nations, from the East Asian Tigers to China, India, and Vietnam today, are more often than not those who pay the least attention to the reigning Development answer.

Before dismissing the dangers of Developmentalism, Rubin should consider the backlash now being generated by forcing countries to adopt a top-down, comprehensive, over-promising set of answers that deeply disappoint those who took (or were forced to take) the experts most seriously. Latin America and Africa stand as examples. The World Bank and International Monetary Fund, through preaching the virtues of structural adjustment, and people such as Thomas Friedman, who lecture countries that they have no choice but to globalize "our" way, have done a lot of damage to the cause of sensible economics. Instead of engaging in homegrown experimentation with free markets, people have reverted to other, even more dangerous ideologies such as nationalism, populism, and statism. You need look no further than Bolivia, Russia, Venezuela, and Zimbabwe to see that at work.

People and societies don't like being told what to do by foreigners. When we are free to choose our own paths and bear the costs and benefits of our own choices, we are far more likely to find the answers that work for us. Many people are already doing so. The history of poverty alleviation will not be kind to the Development ideologues. Rather, the verdict of history will read: "They Did It Their Way."