

BOOK REVIEWS

Not Learning, Even By Doing

by Phillip Musgrove

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

(New York: Penguin Press, 2006), 436 pp., \$27.95

William Easterly keeps writing important books about economic development, which go unread by those who most need to read them. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (MIT Press, 2001) debunked the "financing gap" model according to which aid would raise a poor country's investment dollar for dollar, and investment would raise income. Economic growth would outpace population growth and eventually end the need for aid. Unfortunately, neither the link from aid to investment nor that from investment to growth holds up statistically. Countries receiving large amounts of aid over many years often ended up poorer than before. Aid was wasted on consumption or stolen; misgovernment choked off growth; and mounting debt precluded sustained income gains based on a country's capacity to save, invest, educate its people, and adapt technological progress to local needs. Even forgiving unsustainable debt burdens may not help; irresponsible governments simply borrow, or sell national assets, until once again they are as deeply in debt. Corruption only makes things worse and is seldom punished by international financial institutions and nongovernmental donors.

The White Man's Burden continues this story. Newer data support more analyses of aid failings, but Easterly also adds value by looking farther into the past, noting how colonialism usually impoverished countries, even long after independence. The chapter "Invading the Poor" discusses how rich nations' fighting over a poor country, directly or by proxy, is disastrous for development. Calling in the International Monetary Fund to impose fiscal discipline ("Bailing Out the Poor") has often failed to set a country on the path to responsible

growth. Some countries—notably Argentina—have been "saved" repeatedly from drowning, while others don't let go of the life-guard for years or even decades. The extraordinary detail in which a debtor government is told what to do and how and how often to report on its progress might be hilarious were it not so dispiriting.

The White Man's Burden presents two important ideas. First, "planners" trying to promote development commonly fail, whereas "searchers" more often succeed. The problem with planners is not making plans per se, but making overly rigid plans and not learning from failures. Searchers, who look for what works instead of assuming what will work, also make mistakes but more willingly learn from them. Easterly recognizes that while donor agencies often operate in planner mode, their staffs, particularly at the World Bank, which furnishes many of his examples, include intelligent, caring searchers whom he repeatedly credits. The saddest aspect of planners' mentality is how it stifles searchers—in parallel to how misgovernment by bureaucrats keeps markets from functioning.

Iraq since the invasion of 2003 illustrates these problems. The Bush administration is widely condemned for not planning adequately for reconstruction, but the catastrophes of the Coalition Provisional Authority arose from just the sort of planning Easterly criticizes: ignorance of local history and conditions, the urge to make everything over instead of rebuilding whatever used to work, and wholesale reliance on outsiders to do what the locals formerly did as well or better.

Second, aid donors should be forced to compete with one another, letting recipient governments—or nongovernmental organizations (NGOs), or even local communities—choose from which donor to take financial or technical assistance according to what they think they need, paying with vouchers or from a common pool of funds. Instead, donors avoid responsibility by "partnering" so much that no

institution is ever clearly at fault and all can take credit when something goes right. It is remarkable how the World Bank today seeks partners for nearly everything it does, in contrast to its former *modus operandi*. It is symptomatic that the eighth Millennium Development Goal is “developing a global partnership for development,” which at best is a means to an end. At worst, it confronts aid recipients with a monopoly whose dictates admit no appeal. Ironically, donors tout this anticompetitive approach while simultaneously urging competitive market reforms on recipient countries. Competition rewards specialization, but “partnering”—getting a finger in too many pies and diluting particular skills or capacities—now affects even the specialized organizations of the United Nations. An example: The World Health Organization’s (WHO’s) global agenda, with seven “priority areas” that omit nothing, is supposedly “for all the stakeholders, not just [the] WHO.”

Where do health and health policy fit in Easterly’s thinking? He recognizes “Health Triumphs” where disease control has succeeded despite government and donor failings: smallpox eradicated, polio nearly eliminated, river blindness and guinea worm considerably controlled, deaths from diarrhea and malnutrition greatly reduced. These and other triumphs are recounted in detail in *Millions Saved: Proven Successes in Global Health* (Center for Global Development, 2004) and *Disease Control Priorities in Developing Countries*, 2d ed. (Oxford University Press for the World Bank, 2006). In a long, angry section, Easterly attacks the world’s failure to recognize the potential disaster of AIDS. Then, once effective drugs were discovered,

donors responded with unrealistic plans for treatment, since most poor countries’ health systems are dysfunctional. (Unless prevention succeeds, treatment for AIDS will never control the epidemic and will absorb all of the resources that could be used against diseases that can be treated more cost-effectively. Choosing the right balance of prevention and treatment is difficult and depends on the stage and features of the epidemic.) Poorly functioning health systems do make progress against ill health very difficult, and reforming those systems is much harder than battles against specific diseases.

Several recent analyses of efforts to improve health add three conclusions to Easterly’s story. First, ill health greatly impedes economic growth, so aid devoted to health need not detract from development but can promote it. Second, aid for health is often more successful than development aid in general, particularly if focused on a specific problem. Third, large-scale successes in health would never have happened through competitive markets and individual choices. They required planning and sometimes rigorous top-down control, and in several cases, they have come about through partnerships involving financial agencies, specialized agencies, nonprofit organizations, and even for-profit firms. Does this mean that Easterly is wrong? No: It means that realistic plans are needed, leaving room for searchers and for honest evaluation and rapid corrections; incentives are as important in health as when seeking profits in private markets; and partnerships work when every partner is committed to a defined objective and no agency goes along for the ride.

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