

Do-good goals, do-bad outcomes

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Before the recent election, Stephen Harper promised to increase foreign aid by \$425-million over the next five years. Aid activists welcomed the news but noted that it would still leave Canada well short of the 0.7% of GDP allegedly needed to improve the lot of poor nations. The Conservatives have in fact committed to that number (eventually), but if the billions of Canadian dollars spent so far have done so little good, or even exacerbated the problem, why would Canada commit to spend more? And if the \$2.3-trillion spent globally on aid over the past 50 years has achieved so little, why are the same tried-and-failed methods still being pursued?



These issues are the subject of devastating analysis by Professor William Easterly of New York University in a forthcoming book from Penguin Press: *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*.

"[A]id," he notes, "shifts money from being spent by the best governments in the world to being spent by the worst. What are the chances that these billions are going to reach poor people?"

The policy focus of Prof. Easterly's critique is the Millennium Development Goals (MDGs), the massive do-good package unloaded on to the world by the United Nations in 2000.

The MDGs represent the top-down planning ideal that theoretically collapsed with the fall of the Berlin Wall. It's Gosplan all over again: no motivation, no responsibility, but massive clouds of obfuscation from the apparatchiks whose jobs depend on the charade.

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How do they keep getting away with it? According to Prof. Easterly, donors like to see Big Plans so they can feel good that "something is being done." Such Big Plans are particularly attractive to politicians, celebrities and activists -- the Bono and Bob Brigade.

Professor Easterly highlights the director of the UN Millennium Project, Columbia University's Jeffrey Sachs, as the key proponent of unworkable ideas. Not only does Mr. Sachs propose 449 separate interventions to achieve 54 MDGs in a 451 page report with 3.300 pages of technical annexes, he recommends that the Secretary-General of the UN, Kofi Annan, should personally run the plan! Mr. Sachs apparently hasn't heard of oil-for-food.

Intriguingly, Prof. Easterly points out that Mr. Annan (along with his World Bank and International Monetary Fund colleagues) seems only too happy to acknowledge how badly the MDGs are failing. That's because failure is seen not as a cause for questioning goals or methods, but rather as an obvious reason to pour in more cash.

Above all, collectivist good intentions must never be questioned. Anybody who doubts the exercise is castigated as stingy, irresponsible or a naive believer in market "individualism."

Prof. Easterly convincingly refutes aid theories that have as much staying power as Monty Python's dead parrot. These include the idea that aid fills a "financing gap," or that it is essential to pull the poorest of the poor out of a "poverty trap."

In their eagerness to perpetuate the government-to-government aid model, the aid community's Big Planners are inevitably forced to play down the role of bad governments in holding up development. The UN fantasy is that there are "well-governed low-income countries." However, Prof. Easterly makes clear that no such countries exist, and notes that the UN considers only four countries -- Belarus, Myanmar, North Korea and Zimbabwe -- as beyond the development pale. "Even a dictator like Saparmurat Niyazov of Turkmenistan," he writes, "who so terrorizes his country that he renames the months of the year after himself and his late mother, can't get into the UN bad despots club."

Prof. Easterly establishes statistically that bad governance indeed is the prime reason for lack of development, but he attacks the notion -- which is promoted by the U.S. administration -- that aid should be tied to improving governance. It seems like a great idea, but it just doesn't work. All those "tough" (but often unimplemented) IMF packages wind up getting the blame while dictators steam on. Loans are forgiven or rolled over. Nothing changes except the volume of those who bleat for personally painless (for them) "debt forgiveness."

Bright new ideas are relentlessly generated to patch the sinking aid ship, such as asking poor countries to "take ownership" of their desperate situations via Poverty Reduction Strategy Papers (PRSPs). But it's not just that poor countries just don't have enough PhDs to write these wonkish documents; they realize that their main task is to tell donor countries what the donors want to hear.

So what's Prof. Easterly's answer? Stop "coddling the warlords and kleptocrats." Top-down Planners must be ejected in favour of on-the-ground "Searchers" who concentrate on specific, quantifiable goals for which they can be held responsible via external auditors. Get donor countries more interested in what happens after the fat cheques are cut. Ask poor people -- not their governments -- whether their lives are improving. Above all, notes the professor, since the whole aid sector is in a hole, it should stop digging. Canadians, meanwhile, should stop paying for the shovels.

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