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Development aid

In praise of small things

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MILTON FRIEDMAN, a Nobel prizewinning economist, once noted the irony of trying to save poor countries from communism by giving them money. "The proponents of foreign aid", he wrote, "have unwittingly adopted a basic premise of the communist ideology that foreign aid is intended to combat." Donors, like their communist antagonists, were planners at heart who thought that prosperity could be accomplished by design. For William Easterly, an economist at New York University and author of an ambitious new book that is already causing waves, the aid industry remains a refuge for utopian social engineers whose boldness of vision is matched only by the poverty of their achievements.

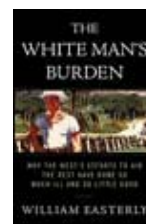
Mr Easterly's argument has already had a number of dress rehearsals, including his first book, "The Elusive Quest for Growth", and a fiery exchange in the *Washington Post* with Jeffrey Sachs, a bold visionary at Columbia University's Earth Institute. Mr Sachs was picked by the United Nations almost five years ago to head a team of over 250 experts, which identified 449 aid interventions in pursuit of eight Millennium Development Goals. Mr Easterly thinks that this approach to helping the poor is seductive but dangerously wrong-headed.

Visionaries, such as Mr Sachs, want to abolish poverty. With that as their goal, they then ask "what does the end of poverty require of foreign aid?" But this is to put the question backwards, insists Mr Easterly. The right question is "What can foreign aid do for the poor?" It is fine, he says, to aim to win the Kentucky Derby if you own a racehorse. But the aid industry is not a thoroughbred. It is more like a milk cow. Poverty campaigners should ask themselves what this set of bovine agencies and institutions can actually accomplish, and see that it gets done.

Compassion is not enough to guide these efforts, Mr Easterly says. Donors must also be answerable to the people they claim to help. The Samaritan should not cross the road unless the injured traveller by the wayside can hold him to account for dressing his wounds and providing a roof for the night. Otherwise donors offer what they want to give, not what the poor can use, and they have little incentive to follow through on any charitable gesture they might make.

The market provides Mr Easterly's ideal of feedback and accountability. Profit-seeking companies learn quickly whether people like what they are offering, otherwise they go out of business. Mr Easterly shares every economist's awe of a system that can deliver 9m copies of Harry Potter's latest adventure to British and American readers on its first day of publication. But, as he admits, this model serves more as an inspiration than as a solution. If markets could serve the poor well, they would be doing so. And

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



Penguin Press; 417 pages; \$27.95

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many of the things donors and ministries are left to do can be done only clumsily. The market gets books to readers; it is governments who have the harder task of teaching kids to read.

Though he is a free-market fan, Mr Easterly is sceptical of sweeping free-market reforms. He distrusts all attempts at social engineering, even those designed to undo past experiments in planning. He is a tinkerer not an engineer; his favourite word of praise is "piecemeal".

He puts more faith in organisations with names such as the "Association of Former Women Fuelwood Carriers"—homespun organisations, set up by insiders, in response to a concrete need—than in organisations with names like the Millennium Project or the World Economic Forum, run by outsiders in pursuit of cosmic ambitions. He thinks donors should do one thing at a time, confining themselves to small trials and hence small errors.

This is fine as far as it goes. But perhaps his praise for small things is itself too sweeping. Some things must be done on a large scale if they are to work at all—efforts to stamp out disease often fail if vaccine-coverage is too piecemeal. Some things work only if done together: you can provide textbooks to poor schools and motivate teachers, but children will not learn if they are hungry or discomfited by worms.

Gradualism has its place, but Mr Sachs made his reputation by showing that Bolivia could and should tackle its hyperinflation at a stroke. Mr Easterly thinks Mr Sachs has been spoilt by this early success and now thinks that every problem is amenable to bold strokes. But Mr Easterly is in danger of making the equal and opposite mistake of believing that only doodling can work.

Mr Easterly admits to feeling some compunctions about rubbishing a world in which he himself has spent much of his career, but it doesn't show. He is merciless and witty, damning the aid industry with its own words by quoting its past, broken promises back to it. His book is written more in wry bemusement than in anger, but perhaps anger is the more appropriate response. Certainly this reviewer felt a rising sense of frustration at the aid institutions, encamped on the high moral ground, with their eyes fixed on a distant horizon, all as an escape from taking a long hard look at themselves.

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