



Presents

Can the West Save the Rest?

[Transcript prepared from a tape recording]

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Ruth Levine: Welcome. I'm Ruth Levine for the Center for Global Development. I'm currently acting president while Nancy Birdsall is taking a mini sabbatical to write her book which I'm sure we will be launching in this very space at the Institute for International Economics in maybe a year or so. We are extremely pleased to see you all here today and I want to note that this is an event in what I am sure many of you have seen as a continuing series of really fascinating discussions, thought provoking conversations about development and development assistance.

Just to highlight in the past I think couple of weeks, we've seen Jeff Sachs talk about the Millennium Villages. We've seen Andrew Natsios and Carol Lancaster talk about the debate around the future of USAID and development assistance from the bilateral perspective. We've heard Liberian President Ellen Johnson Sirleaf talk about the new beginning in Liberia, and now today, we are really delighted to welcome Bill Easterly who, I believe, was employee No. 2 at the Center for Global Development with Nancy Birdsall being employee No. 1. Bill joined CGD as a senior fellow right after leaving the World Bank and then moved on from CGD to his current position as professor of economics at New York University, but he remains with us as a visiting fellow and a close colleague and a sender of provocative thought-provoking emails. Before CGD he was a senior research economist at the World Bank for I think about 16 years or so, and in that capacity was doing I gather two kinds of research.

The first was on the substantive questions that he was asking about economic growth and both macro and micro economic issues. The second kind of research was about aid institution's function and whether they are effective, whether they are effectively responding to the development challenges in the poorest countries of the world. I'm not sure that his managers knew at the time that he was doing that second kind of research. Bill has consistently been a critical voice, a sort of conscience of the aid business, asking some key questions about whether all the good intentions are leading in the right intention and whether the funds, whether they are large or small, is of course a matter of debate. But whether the funds that are being mobilized for development assistance are being used as effectively as they could be. And Bill is what I think of as one of the most optimistic people because a pessimist and a cynic would say, well the world is as good as we're gonna get it. We're doing as good a job as we can possibly do, and Bill I think takes just the opposite perspective as an optimist and says, boy, we could be doing a lot better job. So with that, I'd like to invite my very optimistic friend to share some thoughts, I think mostly from his book, *The White Man's Burden, Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. Bill?

Bill Easterly: Good afternoon. It's really a pleasure to be here among so many old friends and also some young friends. Today we're gonna talk about can the West save the rest and I'll confess right away that this presentation is really part of a somewhat ruthless campaign on my part to promote a new book, utterly ruthless campaign to promote this new book which, of course as you know, is this one. I've done everything I can to raise the profile of this book, and this book talks about our breathtaking opportunity to spread the benefits of technology to all parts of the world which is an extremely tempting appealing dream. It's been, as part of my promotional campaign, I pointed out that it is endorsed by the world leading development economist, Bono, who said in the introduction to the book that it's up to us. Up to us unshaven rock stars to save the rest. Well, of course, I'm not really talking about that book. I'm talking

about this one instead which has already gotten some strongly positive reviews from members of my immediate family.

David Devlin-Foltz: I like it, Bill.

Bill Easterly: Thank you, thank you. Join the family, thank you. My daughter will be of marrying age in about five years, so if you want to be a son-in-law. So what this book talks about is what I think are two tragedies, one of which is very familiar to you and one of which was already covered by Jeff Sachs, and that's the tragedy in which 30,000 children die every year from extreme poverty. They die, for example, because they're parents couldn't afford ten-cent doses of oral rehydration therapy and so 1.8 million children die every year from diarrheal diseases from dehydration. That is, that is indeed a tragedy and I certainly salute Jeff Sachs and Bono and everyone else who calls our attention to that tragedy and solicits effort and commitment to try to address such a tragedy on a world scale.

But I think there's a second tragedy that also needs to be addressed. The second tragedy is the West has already spent \$2.3 trillion dollars on foreign aid over five decades and after all that, babies with diarrhea are still not getting the ten-cent doses of oral rehydration therapy. Today in Ghana which is touted as an aid success story, the latest surveys say that 50 percent of babies with diarrhea never receive oral rehydration therapy. So this is really, I think, a scandal, not to mince words. It's one of the great scandals of our generation that money meant for the very desperate poor of the world just did not reach them. And the answers that have been put forward most recently really don't seem to be addressing this second tragedy. They seem to be still concentrating on the first tragedy and the answer to the first tragedy is more aid money, which I have nothing against, nothing against spending more, you know, rich people's money on poor people, you know, it's just that that's been the same answer for five decades now and that does nothing to address the second tragedy; and then the specific approach to spend this money is, I think, intellectually misguided.

So there was a document called the Millennium Project Plan that was put together by the United Nations, headed by Jeff Sachs, and endorsed by the World Bank and the IMF. The plan proposes when you read all the details carefully, which takes a lot of reading. The plan is reported in a 450-page main report with 3,300 pages of technical annexes; and I'll be giving a reading from that volume at the book, at the store for unreadable manuscripts over the weekend in a 48-hour marathon. So in this, you know, I did read these documents and found out that they are proposing 449 separate interventions to meet 54 Millennium Development Goal indicators which in turn represent 18 targets, which in turn represent the 8 Millennium Development Goals, which of course as most of you know are indicators of the end of poverty.

And how would this daunting combination of measure be implemented? Well, Jeff says in his book that the UN secretary general should run the plan and solve the coordination problem, which seems easy enough. You just have to coordinate the actions of thousands of officials and six UN agencies, the World Bank, the International Monetary Fund, all consistent with the bank and funds poverty reduction strategy papers, which themselves have their own 1,246 source book. But other than it should be easy. So the, the plan to end world poverty

through aid money is – when you think about as a social scientist, as an economist you think about what are the incentives that are actually created by this plan.

So the plan has all the aid donors and recipients collectively responsible for meeting 54 different goals, which also – these goals also depend on lots of other things besides what the donor and recipient governments do. So you know, if anything, if any of the goals were not met you would have all kinds of possible excuses. You could say it's the other donor's fault. Say it's the recipient government's fault. You could say, well, I didn't meet that goal but I met the other one or you could say it was the fault of some other, you know, world conditions or world recession or something that caused the goal not to be met. So what kind of incentives does that create? So I sort of carefully analyzed this and boiled it down to this one sentence, which I'm kind of leery to show to you because I normally shy away from controversy. So I put it in very small print, which you can barely read. So those of you in the back will not even be able to read it. So I'll read it to you: Nobody is individually responsible for doing anything for any one result. That's the bottom line when you read all through, through all these documents; that nobody is actually individually responsible for doing one specific action to reach one result.

So the aid plans that – this is the tragedy. The aid plans give the appearance of the action, which then substitutes for pressure for real action and thus the second tragedy of foreign aid is perpetuated further. So you know, now that celebrities are involved I thought I had to come up with my own catchy, catchy phrase to, to try to sell these very unpopular ideas. So here's why I think Bono, Sachs and other aid planners get it wrong: Lack of CIAO. What is CIAO? Well, it's an acronym that I just invented a couple of days ago for this presentation. It stands for customer feedback, incentives, accountability. And the outcome of not having customer feedback, not having incentives and not having accountability is that you don't have good outcomes, the lack of good outcomes. So in case – are you all following me now? This is CIAO pronounced “chow” you know, okay. Does this work for you as an acronym? Just work with me here. I'm test marketing this new acronym on you as an audience.

So you know the reason for the second tragedy is that there is no effective accountability, which means without accountability you don't have incentives; because if you're not going to be held accountable for something then you don't have incentives to deliver. If you don't have incentives then you have no reason to solicit customer feedback. The customer of course, by the way, is the customers that – that we in this business really care about, which are the poor, the intended beneficiaries of that \$2.3 trillion. And so if you do get things working, if you do get accountability working then you do have incentives. Then you do have customer feedback and then you do get the outcomes.

So why would I say that the UN Millennium Development Campaign is really – well, sometimes these harsh words creep into my presentation, the Millennium Development scam. I think I wrote that down when I forgot to take my medication one night. But I think there is a kind of scam at an intellectual level, of course. I think it's totally unintentional because there's a lot of people, a lot of goodwill. But the Millennium Development Goals campaign, the plans are – how are the – exactly are the planners going to possibly get customer feedback on which of the 449 interventions worked? Where are the incentives? There's very little that is said in any of these documents about who has incentives for implementing the 449 interventions, and who can

possibly be held accountable if some or many of the 449 interventions don't work. So exactly how is the plan going to get to these outcomes and why doesn't somebody just get held accountable for getting 10 cent medicines to babies?

So the planners' favorite answer is to, you know, when in doubt double foreign aid, you know, as – and I think I've – one of the contributions of this book is to have identified a great historical iron law that whenever anyone starts paying attention again to the problems of the world's poor the immediate solution they come up with is they write a long report and the conclusion of which is you should double the existing amount of foreign aid and this – not just you know, 90 percent increase or 110 percent increase, but it's always exactly double.

So the advisor to John F. Kennedy, Walt Rostow, called for doubling foreign aid back in 1960. World Bank president, McNamara, called for doubling in 1973. The World Bank again called for doubling with the end of the Cold War in 1990. There was a lot of campaigning by people like Sachs, Blair and Brown for doubling foreign aid in 2005 and the G-8 actually did agree to double foreign aid to Africa; and even George W. Bush is increasing U.S. aid by 50 percent. Now, I worried a little bit that 50 percent did not fit the iron law. But the White House staff explained to me that he thought 50 percent was double. So it actually does fit the data.

So all the incentives in aid agencies are – since all the attention is focused on how much aid money is spent then of course, if that's what the political incentives are, that's the measure of developmental success, of aid success, that's how much is spent, then of course that creates incentives within aid agencies for spending money. And the obsession with amount spent substitutes for CIAO. Do I need to remind you again what CIAO stands for? It substitutes for accountability on whether that money actually reaches the poor. So the second tragedy in which money is not reaching the poor continues unabated.

Now, the alternative to planners is what the book calls searchers. So what are some examples of searchers that we know from how we as rich people get our own needs met? My kids got their Harry Potter books, their need for Harry Potter books met and actually their parents' need for Harry Potter books met because I read them too, because you know, there's a private enterprise that has a very strong incentive to make sure that Harry Potter is in stock when you go into the bookstore to buy it. So that 9 million copies were distributed on the first day of publishing. You know, a kind of volume that other authors can only dream about and the firm is accountable. The publishing firm, which I think is Scholastic, is accountable if you're dissatisfied. If you get your copy and all the words on alternate pages are printed upside down you can take your copy back to the publisher and they'll give you a new one. At least I hope they will. If they don't, then they will go out of business because people will stop buying copies of books with words upside down.

Then so that's how markets work. They – markets work through CIAO. Politicians have their own system of CIAO. They do get voter feedback on whether the voters are satisfied. The voters are the customers. They had some incentive to deliver public services, which don't always work perfectly; but they work well enough that we have, you know, much better public services in rich democratic societies than poor societies do. And they're accountable in that politicians can lose their jobs if they really screw up big time, just ask Michael Brown. And then

we have social entrepreneurs who also are close to the ground, get feedback, try to find out what works on the ground and they work on specific problems and find specific solutions.

Now, one misunderstanding that this analogy created was that just even talking about searchers and using markets as a model somehow implies that markets are the solution, which of course they're not. If markets were the solution then we wouldn't have 1 billion or 3 billion extremely poor people in the world, because we have markets and there are still very poor people. So markets are not the solution to all the problems of the world's poor. There's still a big role for aid, western aid efforts to meet desperate needs and create new economic opportunities for those totally lacking them. But they can inspire western aid efforts to think like a market, to think in terms of meeting the demand of the customer getting feedback from the customer on whether the customer/the poor is satisfied and having the incentive to correct the product if the customer is not satisfied.

That's what searching is all about. Also, I think you know, because markets in democracy do function well they also are – if we want to talk about what causes development, I think there is also – which is kind of a sideline to the main topic today. But the main topic today is how can aid work well not what causes development. These are really separate topics that we sometimes mix up. But if you want to talk about the separate topic of what causes development then this – you could say what causes development is it's a process where you get a lot of, a lot and a lot of searchers both with political and economic really working well and homegrown development usually involves some big important role for searchers.

So let me skip a couple of slides because I'm speaking slowly like people from Ohio usually do. What I see happening is that the rich as we just talked about get their – are getting their needs met from searchers who do have – who do get customer feedback and are accountable for outcomes. But on the other side of the aid wall, you know, the aid wall that separates the aid recipients from the aid donors, on the other side of the aid wall the poor are stuck with unaccountable planners who devise grand plans but don't get held accountable for outcomes, and so the second tragedy continues.

Just to give some more optimistic stories here's one about Dr. Zoff in Bangladesh who devised a very successful program to just train young Bangladeshi girls, teenagers to go around on bicycles and give essential health advice to pregnant mothers and then refer any difficult cases to the People's Hospital and villagers actually paid some modest sums for these health services and they held the hospital accountable if bad things happened. So this was actually a successful program in that maternal mortality in the area covered by Dr. Zoff's program was a fourth of the national average.

One hopeful idea is that there are searchers out there in the field already in developing countries and if aid agencies could just find more of those searchers that are already there and funds – and fund to scale up their efforts, then we'd get a lot better results than what we're getting now. So you have to ask if I have convinced some of you so far that searching is a better model of getting results than planning, we do have to ask the question as economists whenever something is obviously bad and yet still is the dominant mode of operation in aid you have to ask – answer the political economy question of why is that so.

Why is there such a bad outcome? A mistaken intellectual approach is the dominant mindset of aid agencies and I think it's because the political economy is pretty simple. It's that you can – you get a lot of political credit as an aid agency leader or as a rich country politician like Tony Blair or George W. Bush, announcing grand promises to help the world's poor and you're never really going to be held responsible or accountable for the promises because the system is not really designed to, to hold you accountable as, as I've already described. So it's obviously extremely appealing to all politicians to be able to get political benefits by offering promises for which they have no responsibility to do anything costly to meet. And searchers have a much tougher political, political case to make to try to convince a politician to take on a searching case for foreign aid. They don't offer the big promises because they're not offering to end poverty by 2015. They're just looking for specific things that would help poor people and, worst of all, they insist on accountability, which is really politically risky.

That's very risky for a politician to be accountable. So if they have the option then they always choose not to be accountable and here – this is a case where since the people who would hold them accountable are the powerless poor in the, in the poor countries they have the option of not being held accountable and they choose not to be. That's the political economy of the whole thing. Now, there is an alternative school of thought in social science that explains why planners are more popular and that's because they have Angelina Jolie. Angelina is campaigning on behalf of the Millennium development goals, so that explains a lot. So actually I thought I'd try to fight fire with fire and come up with my own female sex symbol for the cause of accountability. I thought really hard about this and the best I could come up with was Judge Judy. So I'm open to any feedback on how well I'm doing on the media war.

So here's the data. You know, the data really say that – and this is the unsophisticated version of the data, which is just the simple correlation between growth and aid. The way that this graph works is that the countries on the left-hand side are the countries that got the most aid. That's shown by the red line. And the left-hand side axis, they got 16 percent of GDP and aid and they had the lowest growth of all, all, all groups of countries. The countries on the right-hand side got the highest – got the lowest aid. They got trivial amounts of aid as a percent of income. Of course these are only developing countries. And they had the highest per capita growth of all groups of countries.

Now, this is unsophisticated because it's not controlling for possible reverse causality that may be, you know, aid donors wanted to give countries aid really messed up countries that had bad growth for other reasons. They wanted to give them a lot of aid to help them out. The only bad thing about this is that if there is this kind of selection problem, this selection problem has been – we've seemingly been stuck on this for 42 years because these are averages over 42 years. There has been 42 years of high aid in this quarter of countries, 42 years of high aid and 42 years of zero growth. So even if there was selection at the beginning, this has been repeated over and over again and yet there still has – the growth has never arrived. So that's the simple argument.

The more sophisticated argument is there's a lot of econometric work that controls for lots of other things that affect growth, that controls for reverse causality. And then my reading

of the literature is really that econometricians have failed to find any evidence of positive effect of aid on growth under occasionally report services of a positive growth effective aid and it just doesn't withstand subsequent scrutiny. So of course, there are some reasons that are often given for why aid might not be fostering growth such as well as it was in the Cold War.

This is actually the number one question I get whenever I talk about aid and growth. Well, what about the Cold War? Well, certainly the Cold War was not good and not – wasn't – I'm not in favor of the Cold War or the way that the U.S. screwed up many developing countries during the Cold War. And there actually is a chapter on that in the book. But there's a number of arguments that think that the Cold War does not – is not the explanation of why aid did not promote growth. First of all, aid – there is no sign aid has been promoting any more growth since the end of the Cold War, which was 16 years ago. Second, donors not motivated by the Cold War – you don't find any more evidence that their aid is any more effective, like the Scandinavians. Third, there were many countries that were not strategic in the Cold War and still got a lot of aid and still did not grow. And fourth, the west many times did want growth in the countries it was trying to get on its side in the Cold War. So for all these reasons I don't think the Cold War excuse really works. And then I also have a discussion of whether it's all because it's rigged to benefit rich country firms and consultants; and, no, I don't think that's the excuse either because even multilateral aid which is, which is less rigged in that way, doesn't – isn't any more effective in these studies.

As far as again the sideline of what does create development, most of our evidence on what creates development is that it happens through homegrown efforts. While the West has been fussing about a few billion dollars of aid here or there, the citizens of India and China have been busily generating an additional \$715 billion every year through – basically through markets. Now again, I don't think markets are a panacea. But they clearly are one of the important factors in long-run development and home – the fact that development is happening in a totally homegrown way, not through the effects of outsiders in places like China and India where aid is a trivial proportion of income and, and you know, their economic reforms were designed by insiders and actually even sprang out spontaneously from the society in some cases.

The Chinese economic reforms actually started in a small village called Xiaogang, which I'm probably mangling the pronunciation of, when just some villagers in this village decided on their own that because they were starving under the collective farm system in the '70s they reached a secret agreement that they didn't tell anyone about; that they were going to secretly assign each other property rights, individual property rights and just not tell anybody about them. And so they reached that agreement. They started farming their own plots. Food production went way up. They were no longer starving. The only problem with their scheme was that the neighboring villages noticed that they, they were no longer starving and that they were producing a lot more food and they were a lot – and they weren't as skinny as they used to be. And, and the neighboring villages quickly wanted to know what's your secret? You know, what kind of fertilizer are you using exactly? And so the secret kind of leaked out because it was too good a secret to keep secret for long. So the neighboring villages started doing it and their food production shot up, and so this kept spreading spontaneously from below. And then eventually the communist party authorities heard about it and they were kind of ready to do economic reforms anyway and move away from Maoism anyway and they decided instead of suppressing

this they would back this. And this is actually – was the beginning of the Chinese economic miracle.

Now, what's – why is it relevant that development is mostly homegrown? Well, if – once you realize that development is mostly homegrown you're, you're free to have aid specialize much more on much more specific problems rather than forever hammer away at this objective of trying to get aid to raise growth for which you never know whether it's really working or not, and you can't really hold anyone accountable for it anyway. Now that we know development is mostly homegrown then aid can work on solving specific problems, reaching specific people that homegrown development has not yet reached and, you know, the aid is freed from the burden of creating and transforming other societies into oases of peace and prosperity and can concentrate on specific monitorable tasks.

So I'm going to continue to skip a few slides here. Now, the other sign of unaccountable planners is that they keep repeating or even intensifying the same, the same failed approaches which have been failing. That's another sign that planners are not getting – are not getting feedback because even when we can measure feedback and see that the programs are failing the planners still continue doing the same thing. So here's the number one problem in foreign aid that has never been really successfully solved and I'm not sure ever will be successfully solved, which is how do you deal with the relationship between a rich country government and a poor country government.

And there are two choices, neither of which has led to very happy outcomes. One is you can – the rich country governments and the UN, etc., can just assume that the poor country government is a good government and just give aid with no strings attached or the planners – or the rich country governments and the UN and the World Bank believe the poor country government is bad and they can try to make aid conditional on the bad government changing its behavior to become a good government. So those are the two alternatives that are thought to be the exclusive alternatives in foreign aid, which arise because planners have this fixed general goal of fostering good government without considering whether that itself is something that is really feasible for outside aid agencies to do, whether it's cost effective, whether it makes, you know, whether it can be achieved at a reasonable cost or at any cost, or do you God forbid need to send an army to do it, you know.

So what we have through the aid decades is the sort of unaccountable chasing the unchangeable. In the '60s the West gave aid to projects assuming that governments were good. When that didn't work we invented structural adjustment. When that – to try to get bad governments to change their economic policies at least. The policies didn't actually change in response to structural adjustment as empirical studies have shown. So when that didn't work the answer was to renew structural adjustment, do it again but add even more conditions. Now new conditions that we've thought of since, since the original days of structural adjustment. Now we have conditions on democracy and corruption and, you know, being nice to your mother and things like that. And then when everyone – then you know, certain states just became – after all this intensive treatment became failed states and then the aid planners got totally frustrated and they said let's send in the army. So now we have failed states where you're talking about the U.S. Army and UN peacekeeping forces taking over some functions of government all together.

Now, so what you – the pattern you see here is the response to failure is to keep trying it over again or to do it even more intensively, it's like what people tell you not to do when you're trying to fix a machine. You try to move this part and it won't move. So you just keep pushing on it harder and harder until it breaks. And the sad thing is that a lot of these countries, they have broken. Here's the – all the African countries that were in the top 20 worldwide in the rankings when you measure by all-time number of structural adjustment loans received, and so these 13 African countries were made up of the African part of the top 20 in structural adjustment loans received and all of them have pretty dismal outcomes except for the success stories that the, the defenders of structural adjustment talked about again and again, which are Ghana and Uganda. But you know, 2 out of 13 is not a very good success story especially when Niger and Zambia have sharply negative growth, and especially when you have the next slide, which is the actual failed states that we have today, a lot of them started off as intensive recipients of IMF lending.

I have here a list of some recent state collapses, some of which are now in the process of recovery and then the statistic of how much time they spent in IMF programs in the period before the, the state failure before they became what is the official aid bureaucratic acronym for failed states at one point was low income countries under stress or LICUS. If you have war lords rampaging through the countryside then you're called a low income country under stress. A lot of these had spent huge amounts of time under IMF programs, and yet still became failed states. Now again, there could be a selection bias here. But the very best case you could make for the IMF here is that they were offering totally inappropriate medicine to very, very sick societies and certainly were not helping matters and the worst case is that possibly there was some disturbance of the political equilibrium in such an extreme way that these states went into civil war and anarchy.

So in fairness to them, the World Bank and IMF have responded to the failure of structural adjustment loans. They have now changed the name to they're now called poverty reduction support credits according to the World Bank or according to the IMF they're called poverty reduction and growth facilities. Now so what about accountability for other aid agencies? I've given you some evidence on why I think aid and structural adjustment have failed to achieve growth or other goals. But actually what's interesting is that some of the aid agencies themselves like the UN issued their own reports, which talk about a lot of failure. The UN report issued by the Secretary General in September 2005 actually talked about the failure of the Millennium Development Goals plan, five years after it was started in the year 2000. You could think of this as sort of like a five-year report on this plan and the grade is an F. The plan is failing.

Millions more fell into deep poverty, progress has slowed as far as death among children, measles, immunizations lagging despite the availability of a safe and inexpensive vaccine for the last 40 years. There was no change in maternal mortality. Forests are disappearing. Slum dwellers are growing. So how does the UN – why is the UN talking about failure and what is the response to failure? Well, here's what I can think of as some of the possible responses to failure that you could choose. You could hold somebody accountable for the failure and use that accountability to create the incentives to get results in the future. That would be one possible response. The second is you could ask donors for more money to follow the same failed plan

over again, and then the third obvious response is you could have Professor Sachs make an MTV video with Angelina Jolie. So I just want to test your knowledge of current events here. Which of these do you think actually happened in the real world? Well, what actually happened in the real world was (b) and (c) and not (a) unfortunately, but it was a very good MTV video. I highly recommend it.

So more searchers at work, the kind of thing that – that if only aid could find these people. Patrick Awuah is someone that I met personally about three years ago. He was the son of a market trading, the famous market trading women of West Africa. He was the son of a market trader. He grew up during the dark days in Ghana when there was a brutal military regime and Ghana was in a long decline and great poverty. He managed to escape by – some donor gave him – some rich person somewhere, I'm not sure who, gave him money to get a scholarship at Swarthmore, get a plane ticket to Swarthmore and get a scholarship and then he got rich working for Microsoft. He became one of the Microsoft millionaires getting in on the ground floor of the company. So then very commendably he decided to use his own money to start a new university back in Accra. He moved back to Accra with his family and started a university called Ashesi University and I've now visited Ashesi three times and I'm always amazed and overwhelmed by the dynamism and the enthusiasm of the students. 50 percent of whom are admitted into Ashesi on scholarships and 20 percent of whom are specifically recruited out of extreme poverty, and then 50 percent are just out of poverty and do not pay scholarship and then the rest are rich kids who pay.

And the curriculum is a very simple one of business, computers and critical thinking and Patrick says one of his proudest moments was to get an email from his students saying “Mr. Awuah, I am thinking now.” The only sad part of this story is that Patrick has been totally turned down by the donors. You know, the donors have shown no interest in funding this initiative to scale up, to scale up his efforts. So right now we're talking about a class each year of 50 students at Ashesi, so that's not a big program. But any attempt to scale up his – there's been no interest shown by the donors. So in, you know, after – if 2005 was the year of saving Africa and which we had all the rock musicians and everyone saving Africa, it seemed like everyone was invited to save Africa except for Africans, like Aghani, an entrepreneur like – social entrepreneur like Patrick Awuah.

I have to close with some constructive policy recommendations. First, I'm going to say something really ridiculous, which would never work in the real world of politics, which is if something is not working maybe you should discontinue it. So one of those things that's not working is structural adjustment loans, whatever you call them, if you call them loan alpha or whatever you call them they're just not working either to change policy or to foster economic growth. So we can get rid of those. I'm going to give you the very unpopular conclusion that the Millennium Development Goals campaign is just not working. It's not giving anyone the incentives to fix the accountability problems. The poverty reduction strategy papers are a waste of officials' time that could be spent searching for solutions to specific problems.

And for long-run development most of the hope is not from aid but from homegrown private entrepreneurs, social entrepreneurs and reformist politicians that have good CIAO, that they do have accountability and aid should concentrate on playing a supportive role fixing

specific problems that are fixable by outsiders. So that then frees up aid agencies to concentrate on piecemeal improvements for the poor rather than try to transform or develop whole societies. And, but in order for them to do that successfully we have to fix the accountability problem, and how do we do that. Well, incentive number one comes from the same kind of incentive my students face at NYU. Grades given by an independent evaluator, me, their professor. We need independent evaluation of foreign aid. It's amazing that we've gone a half century without this, without independent evaluation of aid, which would give feedback to see which interventions are working and to give incentives to aid staff to find things that work. And with this kind of incentive system will be much more feasible because with accountability aid agencies will no longer try to have Utopian agendas to do everything. They will start specializing much more in, in individual monitorable tasks for which they can be held accountable. If that was true, then aid could work much better. For example, have someone somewhere just responsible for delivering 10 cent oral re-hydration therapy doses to infants.

So the good news about all this is while only the elite can be – the elite class, professional class in New York, Washington and London can be planners, all of you can be searchers. You can join so the – while searching may seem like it only accomplishes one little thing at a time, the great news is that there can be thousands, millions, hundreds of millions of searchers working on these one little things at a time with the right incentives and accountability to make them happen, as opposed to the ineffective plans. And all of us can be searchers also in giving increasing vociferous feedback to aid agencies and rich country politicians to say after 50 years that a half century of the second tragedy of the world's poor is too long. A half century of glamorous but unaccountable aid-spending programs is too long. A half century of aid spending without getting 10 cent medicines to sick babies is just too long.

So I'll conclude with some inspirational words from Robert F. Kennedy on how all of us can be searchers. It's a quote that I found very inspirational: "Each of us can work to change a small portion of events and the total of all those acts will be written, the history of this generation. Each time a man stands up for an ideal or acts to improve the lot of others he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring these ripples build a current which can sweep down the mightiest walls of resistance." Let's join and sweep down the aid wall. Let's hold aid accountable for getting money to the poor. Let's change foreign aid. Thank you.

Ruth Levine: Like I said, an optimist. We are really pleased – thanks, Bill, very much for your very interesting and provocative thoughts. We're really pleased to welcome David Devlin-Foltz from the Global Interdependence Initiative of the Aspen Institute to make a few comments about Bill's book and presentation. Let me just say a few words about David, who is also a good friend to the Center for Global Development. As I said, he heads the Global Interdependence Initiative of Aspen. He's been involved for 20 years in public education in making sure that grants are going to NGOs and other institutions, searchers I believe, in South Africa and elsewhere. A long tradition of work in human rights and development and I think a real passion for being able to be interested in it and able to look at the accountability side of aid from a different perspective, which is how the citizens of this country hold our politicians accountable for doing the right thing. So, David.

David Devlin-Foltz: Thank you, Ruth, and thank you Bill, for this book. I do not propose to argue aid effectiveness with Bill Easterly. I'll leave that to, among others, oh, I don't know: maybe Jeff Sachs. Steve Radelet is unfortunately not here today, but Ruth can pick up for him I'm sure. But let me speak instead as an English major with a keen appreciation for anyone, particularly any economist who can so elegantly weave together a compelling analysis, wonderful anecdotes. This book – it's a page-turner I swear. It's really good stuff. And I speak also as someone who once wrote a high school essay called "Confessions of a Smart Ass."

So I also salute Bill's terrifyingly acerbic wit not only displayed in this book but also in what we've just heard today. And as a lay reader, who's not seriously studied the workings of the World Bank since I was a grad student 20 years ago, let me state also my admiration for Bill's candor, his candid renunciation of past bank sins including not a few in which he participated by his own account. So finally let me speak as an interested observer and participant as Ruth suggested for over more than 20 years now in efforts to create a constituency in the United States for effective development assistance.

Our work at the Global Interdependence Initiative of the Aspen Institute focuses on how to frame and marshal arguments as effectively as possible to reach what we call the persuadable majority of the American public and what I personalize and think of as my cousin Donna in Indiana, who doesn't hate this stuff; she just doesn't quite understand what we're all doing here and goes on the information that is available to her in making her assumptions. We want to think about how to frame and marshal arguments that will be decipherable by Cousin Donna. But in doing that, we're very careful to say it's not our intention that anyone disguise the truth.

In fact, I've often said especially to those who are advocating on this issue, for foreign assistance funding, tell stories about genuine participation. Tell stories about genuine partnership, genuine respectful efforts to help communities thrive, sometimes simply by getting us out of their way and letting them do what they can do best. I tell people tell those stories, but for God's sake tell true stories. Don't make this stuff up. Don't put – as a former president put it: "Don't put lipstick on a pig." And yet there are some pretty garish pigs out there, as you may have observed. And in this book Professor Easterly wipes the lipstick off and reveals bad aid, the work of planners and all its porcine sign ugliness.

And there's plenty that's piggish out there. There's plenty that's ugly. And it's good to expose it, but there's a risk in an expose as sharp and as compelling and as convincing as this one. And let me tell you what it is: Across town at the National Gallery there's a great show about Dada, the extraordinary art of social protest, which grew up in reaction to the madness of World War I in France, Switzerland, Germany and the U.S. The signature piece reproduced on an enormous poster that hangs outside the doors of the East Wing is the famous Marcel Duchamp reproduction of the Mona Lisa on which he drew an enormous mustache. That work reflects Dada's zeal to break down conventions, make societies question basic assumptions about art and the nature of relationships between beauty and so on. But it also does kind of ruin the Mona Lisa.

So let's not put lipstick on a pig, I agree. But neither should we put a mustache on the Mona Lisa unless it really serves our artistic and social purpose. And it's possible, I would just say it's possible that Bill has gone too far. That a full handlebar, a full handlebar mustache on the Mona Lisa when maybe just a little stubble would have done the trick. His portrayal has shock value for sure. But sometimes shock value can distract from the underlying social purpose and it's possible – for example, just by calling the book what he did or what the publisher did, *The White Man's Burden*, that you denigrate the work of some genuine searchers, who share your deep moral commitments to improving the human condition.

I have good friends at Africare and at the Aga Khan Foundation, for example, who might take some offense at the notion that they share the white man's burden, even as they do the work that they do, to promote development. Throughout his book Bill speaks admiringly and in a very balanced fashion I think of projects and programs and colleagues at the bank, particularly in its research work, whose work he admires and cites even as he denounces other bank follies. And some of those bank colleagues as well I suspect might resent the suggestion that they're part of and are taking on the white man's burden, especially those who are neither white nor men. So in effect, did Bill go too far for the sake of shock value? Did he put an unnecessary, an unnecessarily large mustache on the Mona Lisa?

Well, here's why this matters to me, not as somebody that can argue the merits of the case on development effectiveness but rather as somebody that wishes to build a constituency in the United States for effective people-centered aid, aid that works, aid that really does what it sets out to do. Here's why it troubles me: It's because the U.S. public, my cousin, Donna, et al., are deeply skeptical about you, about the effectiveness of aid to begin with. So skeptical in fact that work by our colleagues, Steve Call, et al., at the Program for International Policy Attitudes finds that in 1995 and 2001 very consistently when asked what percentage of USAID money that goes to poor countries ends up helping the people who really need it, respondents give an immediate estimate of just 10 percent.

In other words, 90 percent of the money never reaches those who it's meant to help. Of course, the public ain't dumb. There is wisdom in crowds, as Ruth and others have reminded us. We should be skeptical. The public should be skeptical and, Lord knows, having lived in Africa for five years I saw a lot of aid pass right through without reaching the people that it's – it was aimed at. We should be skeptical, yes, and people do notice that for years they've seen the same bleak images on TV and in, frankly, direct mail appeals from some of the NGOs represented here, some of the ones with which I work. The principal source of information moreover for more than 60 percent of the American public is local TV news. And if the public sees news at all about global issues, local TV – think about that. Local TV, right, the 5:00 news, the 6:00 news, what they see is stuff that's spectacularly visual. That's why it's making it onto the news. So it's riots and hurricanes and other picturesque stuff from the rest of the world or because there's a great local angle, the local National Guard troop is being called up or a local interfaith ministry has returned from a tour to visit tsunami relief sites or something.

So there's a local angle. So the result is whatever the story is the message is frequently this: Bad stuff happens overseas and Americans fix it. It's no wonder that Americans believe that the world is a terribly chaotic place and it's no wonder they believe that no one else is doing

anything except the United States. It's no wonder that Americans believe we spend 15 to 20 percent of our federal budget on foreign assistance. It's no wonder that most Americans believe that most aid is wasted. After all, I see the same poverty and chaos that I saw yesterday and the week before and the month before says my cousin, Donna. So clearly nothing's working. Nothing ever gets better. I don't know what's wrong with those people because we're doing everything we're supposed to do, right?

So Bill's message that all too much foreign assistance is misspent in pursuit of grand plans may be accurate and in my sense it largely is. But it plays into and reinforces deeply held skepticism about aid. Now, skepticism about foreign assistance ain't a bad thing if it leads to touch-minded pursuit of better approaches. And clearly what we saw from the conclusion of Bill's talk and what comes out very clearly in the book is that's his intention. He wants tough-minded skepticism. He wants us to demand accountability. He wants Cousin Donna to pay attention and pay proper attention to this issue. Bill's advice is nuance, the public's perception is not. With the eager support of those who wish to cut foreign assistance, for whatever their reasons might be, there – this work, Bill's work may end up creating a backlash that he does not intend.

Even in some of the early reviews of the book by people far more expert than I in economics and development policy missed some of Bill's careful caveats and some of the precisely parsed praise that he does give to well-planned, well-executed development efforts. So Bill's arguments as they will be transmitted around the policymaker cocktail party, that glamorous cocktail party circuit here in Washington, D.C., and around think-tank water coolers, the way that message will get transmitted could make it much harder for the remaining good guys at the World Bank, could make it harder for serious people-centered searchers around the world, could even make it harder for our mutual friend, Dennis Whittle, to attract donors and investors to his Global Giving web site, even as the book in fact singles that out for praise.

So Bill correctly also I think calls for more resources for evaluation research so that we can more rigorously assess what works and what doesn't. Done right, this can help ensure that aid gets to the poor as promised. But now with my hat on as somebody that thinks about advocacy work, I would not want to be the anti-poverty activist writing a 75-word maximum, 60-word e-advocacy alert calling for more money for rigorous evaluation research even though I agree with the goal. So is that a viable ask for advocates who might, after hearing Bill, think that we need to tear the whole architecture down. Of course, Bill does single out successes. He finds some common threads among them but is careful, very careful not to claim that there is a golden thread, a panacea. Bill's description, as he says often throughout the book, is no prescription. Answers must emerge place by place, instance by instance, locally accountable, listening to the poor and so on. That's all quite clear. As a lay reader let me note though two, two puzzles on the substantive side that may open up our, our questions a little bit. The substantive side that I swore I would leave to experts like you, but now I can't help myself because I'm a smart ass.

So first, Bill salutes some successes in global health that don't seem to have been particularly locally driven or genuinely participatory. I'd love to know more. Why did small

pox vaccination, for example, work sometimes and perhaps even often in contacts that gave the vaccinated little choice about their participation?

Second, Bill doesn't just skewer pathetic UN bureaucrats who apply their foolish bureaucratic approaches to development. He punctures them. He eviscerates them. He dances on their steaming entrails. It's really quite something. I suspect that he would think very little of those bureaucrats from WHO and the Peruvian government who tried to prevent Paul Farmer and his colleagues from treating multi-drug resistant TB in the slums of Lima just because WHO and Peruvian government protocols prohibited that treatment as wasteful, and yet Bill makes the tough-minded and unnervingly convincing case on grounds on cost effectiveness for devoting fewer resources to HIV/AIDS for treatment in Africa and more to prevention including – and more to malaria prevention for that matter, or providing clean water or reducing respiratory diseases caused by indoor smoke. Makes a very convincing, I think quite appropriate case. So should we side with the, the noble searchers, Paul Farmer and his Peruvian colleagues who figured out a way to roll back drug-resistant TB eventually at lower cost, but initially at great cost, or should we support those rational bureaucratic rationers of scarce healthcare who wanted to stop them in the first place? I'm not sure.

Third, Bill argues convincingly that every situation is different, that culture, politics, timing, circumstances matter in ways that no outside actors can ever fully understand. And yet big aid agencies do insist on trying to understand it all and do it all. He urges that they specialize. Andrew Natsios in this space last week argued along similar lines, that constituencies for specific issues, a lot of us are in this room, pull his former agency in hundreds of different directions; 415, 450 earmarks I think it was. But those constituencies he acknowledged help support AID's budget, get – and that I presume supports whatever good that USAID does. So maybe it's possible that we have a better chance of stumbling on the occasional success by, by having agencies that attack on a multitude of problems. Maybe just.

These are relatively minor quibbles. I think I've made it clear I admire this book. I admire Bill's wits, his candor and I'm grateful and I think we should all be grateful for his provocation. So I urge you all to read this book, talk about it. But Bill will be doing most of the talking today and in many other settings. So I would ask Bill to do what he can to frame this book consistently as he talks about it as a call for reform, not a death sentence, to mend aid, not end it. So no lipstick on the pig, but no mustache. Thanks.

Ruth Levine: Thank you very much. Well, it's not boring. I'll invite the speakers to join me on the stage and invite people with questions to line up behind the microphones. I think we have about 20 minutes or so. So I do ask you to keep your questions brief.

Ruth Levine: Okay. Yes, please.

Speaker 1: Thank you for speaking, Professor Easterly. You seem to imply in the book – or in your speech, I haven't read the book, that the bank and other multilateral donors should sort of scale down. If so, should they stop funding infrastructure all together and if – okay, please clarify that.

David Devlin-Foltz: That was easy.

Speaker 1: Because if infrastructure by its very nature seems to require lots and lots of planning. So just could you clarify that point?

Bill Easterly: Yeah.

Ruth Levine: You're on.

Bill Easterly: I'm on, okay. One thing that I should make very clear, and I'm glad you asked this question, is that piecemeal searching doesn't have to imply small scale. It doesn't have to be things in small scale. You might, you know, pilot something on a small scale and then when it works you scale it up very big time, like happened at Progresia in Mexico, which started off very small and now is a nationwide program. Then there are projects that are intrinsically large that need funding. So infrastructure is one of those things. It – these projects are often very large, expensive projects. But you want to go about them in a way that you – that you do search for how they can be effectively working over time. You know, the difficult problem in infrastructure is the aid agencies have incentives to build the big visible things like new roads and then they don't have the incentive to come back and keep the roads maintained. So the roads don't work anyway because they're not maintained. That's the kind of problem that searchers have to fix. But there's nothing to rule out that searchers will find things that are sometimes big money project. That's allowed.

Ruth Levine: Let's take the question in the back and I'll invite you to introduce yourself.

Wade Channell: Okay. My name is Wade Channell. I'm with USAID. I've changed since we last spoke, Bill, so ...

Bill Easterly: Yeah. Hi, Wade.

Wade Channell: I appreciate the book. I'm only about halfway through, so I don't – don't know the end yet.

Bill Easterly: Uh-huh.

Wade Channell: However, I have focused on some of the things that you like. You point to – very pleasantly to Simian Jackall's (sp?) work doing business in World Bank, the World Bank report which from the USAID side I found is quite a driver for various people to ask for reform. Could you tell us a little bit more about what you like about the doing business work and where you see it could be useful?

Bill Easterly: Well, I'm glad you raised that example also because that's an example of how searching doesn't – also doesn't have to be the traditional idea of an aid project involving a health clinic or a school. It could be something like trying to get incremental reform in government regulations in ways that where it doesn't take so many days to start a business. It doesn't take so many days to enforce a contract, of course – or it could be reform in courts or in

laws or whatever. Those are – what’s good about those things is that they’re - Simian and his colleagues are measuring these things, so they can be monitored. So you can actually test whether a given reform actually does reduce the number of days it takes to enforce a contract and then you could hold the, the, you know, the initiator of the reform accountable for whether that reform worked or not.

Paolo Liebl von Schirach: Good afternoon. My name is Paolo Liebl von Schirach, international consultant from Georgetown University School of Foreign Service. On the positive side of the searchers, I know it’s an incredibly large topic as to why the attention is not focused on this side. But as you pointed out and many of us could point to similar examples things work, or at least demonstrably on some small scale projects **[audio ends here]**

Paolo Liebl von Schirach: **[audio restarts here]** Exactly the stellar example of success. Can we shift away from this model? Is this a cultural issue that, you know, in other words, the private sector where the real money is frankly in terms of global capital movements moving it away from supporting the Warren models as you indicated. Is there a way to shift away the debate from what doesn’t work to other ideas, to other concepts that are private sector focused and that would support social entrepreneurs and searchers? Thank you.

Bill Easterly: Well, I think you have a good point that one advantage of the private philanthropist is that they, they got to be philanthropist by getting rich and they got rich usually by doing their own searching for what works, so they understand the idea much better. They don’t have the planning mindset and I think that is why Bill Gates concentrated on specific problems rather than announcing that the Gates Foundation was designed to end world poverty or you know, allow all villages around the world, you know, to escape the poverty trap or something and that’s what’s great about the Gates Foundation. Now I don’t think they can do everything, that private philanthropy can’t do everything. They can do the infrastructure and that was raised by the other questions, so you still need official aid agencies still have some advantages at doing some things and there’s still a valid role for official agencies.

David Devlin-Foltz: Let me just jump in to say that stories like that, stories that that Bill has highlighted and that you obviously could highlight as well of searchers are very powerful ones for American publics in particular because we are a nation that fancies itself built on the strength of self-reliance and individual initiative and so on. People love that story and again, when it can be told truthfully and when we can tell of how we have supported that and made that possible and enabled it and then gotten out of its way and let it take its own course, that is, that makes a great case for I think the kind of aid that Bill is advocating.

Ruth Levine: Second question in the back.

Nancy Leahy: Thank you. My name is Nancy Leahy. I am a student at Georgetown University studying international development and I am also interning at the State Department. Dr. Easterly, my question is two-fold. First is regarding the successful examples you gave regarding Dr. Zoff and Mr. ****. Both are very good examples, but I note that both of these gentlemen, if I am not mistaken, received their professional training in the West. Can you discuss how to increase capacity in developing countries to encourage homegrown entrepreneurs

to pursue this type of work? Secondly, can you expand a little more on making agencies more accountable? I think instead of creating more incentives to do good, we should be focusing on perhaps what you talked about is do no harm, maybe creating incentives to do no bad. Could you give some incentives for that? Thank you.

Bill Easterly: As far as the education in the west, I think that that is just part of sort of the open international trade of goods and services that is going on between countries. You know, one thing, there aren't very many things left that the U.S. is good at. I think it's Hollywood movies and graduate school. Maybe you can think of some others but those are the two products that are extremely successful export products of the U.S. And so I don't think the fact that people come from poor countries and get an American education or a British, the British of course also have a strong advantage in providing university educations. So, I don't think that's automatically bad.

Nancy Leahy: I mean I think we should add that is exceptional for someone from the developing country to get to the U.S. for that sort of education and so that if our economy is probably a lot less vulnerable than economies who depend on single exports and probably can't really develop their education, so –

Bill Easterly: Yeah, no and certainly, I mean, the great thing about Patrick **** for example is that he did you know, take, he is specifically trying to replicate U.S. universities within Guyana and actually there is probably a lot of that going on within Africa now and that's could reach a lot of the people who cannot make it to the U.S. and that's certainly a good thing.

Nancy Leahy: Could you - I'm sorry I'm taking up a lot of the time. Could you talk about incentives for doing harm as well.

Bill Easterly: The problem with doing harm is the same incentive problem for doing good. The people you do harm to, don't vote in American elections, that's why aid agencies, not to mention, the U.S. Army can operate with such impunity and sometimes do a lot of harm because they're, you know, the people that they are harming have no political voice, so the way to correct that is to try to get a much more political voice to the poor people. Aid itself can be used to try to increase the voice of poor people, to survey them, to report – to do much more intensive reporting and collection of what's going on the recipient end and then report or publish the results very broadly so that aid agencies are embarrassed when something is exposed as doing harm and then they will have the incentive to avoid that in the future.

Nancy Leahy: thank you very much.

Bill Easterly: Welcome. Hi Michael.

Michael Clemens: Hi.

Bill Easterly: Now for a really tough question.

Michael Clemens: Michael Clemens for the Center for Global Development. Bill the book is great from cover to cover. Thanks.

Bill Easterly: Thanks, well thanks for your comments Michael. Uh, next question?

Michael Clemens: You already got my real comments a year ago. If you can shift for a moment from the normative to the positive.

Bill Easterly: Yeah.

Michael Clemens: Politicians in donor countries aren't going to face long horizons ever. Jeff Sachs is not ever going to face different incentives than he does now. If you could just imagine yourself a few miles west of here and think of yourself as a public choice economist for a moment, are our politicians ever going to have the incentive to implement some of the things that you recommend or is there just no hope?

Bill Easterly: Well let's rule out the just no hope camp right away. I really think just reading and observing what's been going on in the U.S. and in Europe, there is really an increase in constituents for helping the poor and this is getting back to the questions that you raised rightly, that there really is a group of altruistic people who really want money to reach the poor and really are fed up with money going into bureaucracy and not coming out the other end for the poor and so I think that lobby can be tapped, can be mobilized. I think that's a viable political lobby, that's the same lobby that attended the Live Aid concerts and that consumes the large amount, surprisingly large amount of media coverage that different crisis get around the world. I think that audience is ready to take the next step and to say, lets change and what we know from social reform is, social reform is gradual, but it eventually does happen. It took powerless African-Americans a long, long time to assert their rights after their emancipation proclamation, but eventually there was a breakthrough and a powerless group became a totally disenfranchised powerless group became enfranchised, but we're still a long way from solving racial inequality in the U.S., but things have gotten better after Martin Luther King than they were before and I think there is a case for reform and aid that could have the same kind of gradual success appealing to the people who really, really do care about the poor.

Ruth Levine: I see three people waiting to ask questions. Can I ask you to ask very short questions? We will take all three and then ask for responses so we can end more or less on time.

Charlene Moore: Hi. My name is Charlene Moore. I am from Techno Serve and I just wanted to comment about your, um about accountability. Some projects, as you know, you know, do not have short-term outcomes. Some projects like USAID Administrator Natsios said **** which was **** was giving scholarships to overseas students. So, how do you account for long-term impacts that don't necessarily have short-term outcomes that's not saleable and that's not, you know, visible?

Bill Easterly: Okay, uh, well.

Ruth Levine: Why don't you wait and we will take all three.

Bill Easterly: Okay. Okay. Okay.

Mark Clovis: Thanks. I'm Mark Clovis from USAID and I had not expected to stand up and probably sound like I am defending bilateral aid, but I wanted to ask after the fact, with a fairly decentralized model, there is some percentage of bilateral aid that helps fund some of the ideas that you raised in your book and so at some level, in spite of the inefficiency we may be sort of winning with a little bit of this money, regardless of it's a very small percent. So I just wanted to hear you disagree with me.

Bill Easterly: No. I don't disagree. I don't disagree.

Mohammed Cassam: Mohammed Cassam. A point of correction, Aga Khan might be a white man but the foundation is supported by the community and **** confirm ****.

David Devlin-Foltz: ***

Mohammed Cassam: The other thing is there is constant repetition of failed policies **** insanity. Somebody said it better somewhere else.

Bill Easterly: Right, right, right.

Mohammed Cassam: I would like you to point out the Chinese seemed to have learned the white man's burden and they have a policy of moving out the low wage economies from the **** Hong Kong area and putting them in Africa because the wages in Southern China are going up and the export industries are priced out, there was an article in today's Financial Times about that. So, the story is that we **** Chinese government **** and they wanted to move these industries to Ghana. We haven't got any Ghana chief there **** what is a \$100,000,000.00 ****? So, somewhere along the line the burden is going to be lifted.

Bill Easterly: Yes.

Ruth Levine: Quick final comments.

Bill Easterly: Okay, quick final comments. Well and this also will be a response to the question about the title The White Man's Burden is intended to make fun of the, what I, it really actually does bother me a lot a one level is this sort of patronizing arrogance of what most of the people who are making aid policy are rich white men, despite the participation of lots of other distinguished professionals and people like Tony Blair stand up or Gordon Brown stand up and say, it's like up to us, or Bono say, it's up to us to save Africa, I just find that very offensive. I think the point that you made is great that a lot of the success are homegrown. There's tremendous resources, tremendous dynamism coming from the bottom and what aid should be doing is trying to support that dynamism at the bottom rather than have this top down patronizing approach.

Ruth Levine: Well, in closing I want to thank you very much. You can see that conversations like this are very stimulating. They inspire us at the Center for Global Development to go back and do what we try to do, which is use the facts and an understanding of how aid institutions work, how those accountability incentive consumer feedback mechanisms do or don't work, along with looking at other policies of wealthy countries to really see how we can do better for developing countries and I want to point your attention to one current initiative at the Center for Global Development that responds directly to a point that Bill made, which is the impact evaluation initiative where we were trying to look at why there has been such a deficit of good evaluation about what works in social development programs and through what mechanisms can we do a much better job collectively at answering those key questions about what works. So I'll invite you to look on our website and follow that work because it could help to add to the accountability side of the agenda. So, thank you very much for your participation.

Bill Easterly: Thank you.