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Can the West Help the Rest? A Review Essay of Sachs' *The End of Poverty* and Easterly's *The White Man's Burden*

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Abstract
The rival opinions expressed by Jeffrey Sachs in his book The End of Poverty and by William Easterly in The White Man's Burden epitomize the dichotomy in the economics literature regarding the role of foreign aid in eliminating extreme poverty. On the one hand, the majority of governments see aid as a solution to ending poverty in developing countries. On the other hand, a growing body of research rejects the simple notion that aid leads to growth. This paper explores both Sachs' and Easterly's conclusions as a way of framing the contemporary debate on foreign aid and its role in alleviating poverty. Although The End of Poverty and The White Man's Burden raise interesting questions about the West's obligation to the Rest, there are problems with both of their analyses of past aid efforts and with the policy prescriptions that they advocate. Given the failure of decades of aid efforts, and recent studies demonstrating that foreign aid can actually retard economic growth in recipient countries, there is reason to be skeptical that we in the West can do much to help those in the Rest..

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I. Introduction

Most of the world was poor two hundred and fifty years ago. Moreover, the difference between the richest and the poorest was quite small. Since then, however, much of the world has climbed out of poverty by embracing property rights and enforcing contracts. Still, about one sixth of the world's population is unable to meet their basic needs. Can people in the richest countries do anything to help those in the poorest nations?

Although many in rich countries understandably made it their duty to find solutions to developing world poverty given the widening disparity in the economic fortunes of the West and the Rest, foreign aid has not proven to be the panacea that some envisaged it would be. On the contrary, studies demonstrate repeatedly that the effect of foreign aid is to erode democratic institutions, encourage rent-seeking, increase corruption, and ultimately retard economic growth in aid-recipient countries. Osborne (2002), for instance, specifically evaluates the relationship between past aid efforts and economic growth in developing countries and concludes that aid has had a negative effect on growth. Similarly, Burnside and Dollar (2000) find that foreign aid simply does not affect economic growth in the donor country. Although they insist that "making aid more systematically conditional on the quality of policies would likely increase its impact on developing country growth," they admit that there is "no significant tendency for total aid or bilateral aid to favor good policy" (2000, p.864).

Furthermore, to combat to the popular ideas that shape the political reality of aid giving, economists such as Svensson (2000), Villanger (2004), Knack (2001), Alesina and Weder (2002) and Leeson (2008) illuminate the incentive systems that render foreign aid an ineffective strategy for promoting growth. Knack (2001), for instance, found that aid reduces the recipient government's accountability to its citizens since revenues for aid-financed projects are not dependent upon taxation. Furthermore, citizens begin to compete for government positions and the rents made possible by the influx of foreign aid, which not only has the effect of "siphoning away scarce talent from the civil service"(Knack, 2001, p.313), but can also "increase political instability, by making control of the government a more valuable prize" (p.312). Knack (p.312) also argues that attempts by donor countries to tie aid to good governance have proven largely "ineffective." Similarly, as Alesina and Weder (2002, p.1136) describe, while "Scandinavian donors (the most generous in per capita terms) do reward less corrupt receivers…the United States appears to favor democracies, but seems to pay no attention to the quality of governments of receiving countries."

Likewise, Ovaska (2003, p.184) empirically demonstrated that "decreasing the level of development aid may actually have a beneficial effect on growth." Ovaska (p.184) found that "on average a 1 percent increase in aid as a percentage of GDP in the sample decreases annual real GDP per capita growth by 3.65 percent." It is "rational" for recipient nations to become dependent on foreign aid, he explains, when they know that they can expect aid if they make no effort to improve their economic performance on their own. In contrast, countries that make the effort are deemed by donors as not needing aid. Thus, aid incentivizes citizens of poor countries to be dependent and unproductive, which ultimately harms their economic progress.

Additionally, in an excellent overview of some of the key critiques and recent statistical findings on the subject of foreign aid, Leeson (2008) drives home the notion that foreign aid is anything but altruistic or benign. He challenges the generous assumption that there is an "absence of any self-interested motives on the part of donor countries" (p.47) and argues that donor governments often use aid as a way to subsidize domestic producers and suppliers. Leeson reiterates that many contemporary ideas about the path to economic prosperity simply corroborate insights first discussed by scholars such as Adam Smith, F.A. Hayek, and P.T. Bauer.

Sorens (2007) has also argued that aid is demonstrably futile and even destructive. Contrary to Easterly's call for the tweaking of aid programs, however, Sorens focuses on the perverse political incentives that explain why aid agencies are unlikely to be reformed. Sorens finds that the International Monetary Fund (IMF) tends to grant loans to countries that are friendly to the United States. In its quest to amass support for its international security initiatives, which, like the Iraq invasion, may be globally unpopular, the U.S. continues to pursue expensive philanthropic programs and ignore the failure rate of these programs.

Past failures aside, it is still an open question whether or not Western donor nations can use foreign aid (perhaps modified) in the future to improve the lives of the billion or so people making up the world's "extreme poor." Sachs, in his compelling and ambitious "manifesto" *The End of Poverty* (2005), and Easterly, in his equally compelling though less ambitious *The White Man's Burden* (2006), offer intriguing and competing answers to that question. The similarities between these two books are as striking as the differences between them. Both economists are dissatisfied and disappointed with the ineffectiveness of the trillions of dollars in foreign aid that have to date been pumped into the world's poorest countries by the world's richest states. Even though past aid efforts have failed (and sometimes miserably), both men still think that aid from Western governments can play a positive role in helping the world's poorest countries begin the climb out of poverty towards prosperity. Ultimately, both Sachs and Easterly agree that something *must* be done to help the bottom billion and that the West *can* actually do something to help the Rest. They disagree, however, on the nature and cause of the problem and so, not surprisingly, they offer different solutions (though not as different as you might expect). For instance, Sachs believes that poor governance and corruption are symptoms of extreme poverty; end extreme poverty and you reduce corruption. Easterly thinks that the causal arrow points in the opposite direction; poor governance and corruption are core problems that must first be overcome. While Sachs, at least in *The End of Poverty*, favors a "big push" strategy and calls on Western countries to commit significantly more resources towards foreign aid than they have in the past, Easterly is skeptical that such an effort will succeed. Easterly does, however, think that the West can do a better job of spending the resources it commits to foreign aid. He argues that aid organizations can and must support more effective projects. Although *The End of Poverty* and *The White Man's Burden* raise interesting questions about the West's obligation to the Rest, there are very real problems with the analyses of past aid efforts that they present and the policy prescriptions that they advocate.

This paper explores both Sachs' and Easterly's conclusions as a way of framing the contemporary debate on foreign aid and its role in alleviating poverty. The remainder of this paper is organized as follows. Section II summarizes the arguments in *The End of Poverty* in support of foreign aid and offers a critique of Sachs' views. Section III outlines problems with foreign aid identified in *The White Man's Burden* and scrutinizes Easterly's solutions for ending poverty. Section IV offers concluding remarks.

II. Sachs' Global Compact

According to Sachs (2005), the extreme poor simply cannot get even a foot on the first rung of the economic ladder of development. They remain bogged down in a "poverty trap, unable on their own to escape from extreme material deprivation" (p.19). Sachs' goal is to convince us that it is possible to end extreme poverty in the next 20 years, if only we take up his charge and follow the prescription he carefully spells out. "Our generation's challenge," he (p.24) offers, "is to help the poorest of the poor to escape the misery of extreme poverty so that they may begin their own ascent up the ladder of economic development." To meet this challenge (embodied tersely in the UN-proposed Millennium Development Goals), Sachs contends that the rich and poor countries must enter into a "global compact." "The poor countries," Sachs (p.266) explains, will have to devote a greater share of their national resources to cutting poverty rather than to war, corruption, and political infighting." On the other side, "the rich countries will need to…follow through on their repeated promises to deliver more help" (p.266), as well as "invest enough so that these countries can get their foot on the ladder" (p.73).

By employing a series of personal anecdotes collected during his efforts to understand and end poverty around the developing world, Sachs puts a human face on the chronic suffering of the extreme poor and practically shames us into taking up his challenge. Life expectancy in sub-Saharan Africa, we are coldly reminded, is thirty-one years lower than in developed countries (p.194). Sachs, however, also shares his perceptions of what he has seen up close. "Beyond anything I had experienced or could imagine," he (p.194) writes, "disease and death became the constant motif of my visits to Africa."

But, Sachs explains, we have learned a lot in the past few decades about what works, and there is cause to be optimistic. For some countries, particularly in Africa, Sachs (p.82) demonstrates that "twenty years of failed structural adjustment policies" imposed by the IMF did little to encourage development, given that "there are myriad possibilities for the persistence of poverty even in the midst of economic growth" (p.73). On the other hand, in a series of chapters about his experiences as an advisor in Bolivia, Poland, Russia, China and India, Sachs highlights some of the significant moves toward progress that were orchestrated in those nations. Sachs (p.74) espouses what he describes as an alternative brand of development economics – "clinical economics." Due to the complexity and uniqueness of political, economic and social systems across countries, Sachs' clinical economics requires that each country receive a "differential diagnosis" (p. 74) in order to determine the best reforms to achieve its economic development. As interesting as the early chapters of Sachs' book are, however, the most interesting parts come toward the end where he lays out his proposal for ending poverty in our lifetime.

According to Sachs (p.244), the poor lack the "minimum amount of capital necessary to get a foothold" on the economic ladder and so the richest countries need to make the investments necessary to give the poor countries "a boost up to the first rung." By helping poor countries acquire the human capital, business capital, infrastructure, public institutional capital and knowledge capital that they need, Sachs argues, the richest countries can help the poorest to escape the poverty trap. He then proposes a series of strategies for developing countries called Poverty Reduction Strategies. These are to ensure that the almost two hundred billion dollars a year in foreign aid that he estimates is necessary gets spent wisely. Each Poverty Reduction Strategy would consist of several plans, including an investment plan, calculating the "size, timing, and costs of the required investments" for development of that country (p.273). In additon, he takes pains to dismiss the "myths" about why development aid efforts have failed in the past. Sachs (p.328) ends this part of the book with a triumphant rejection of "the plaintive cries of doomsayers who say that ending poverty is impossible." "But," he asks, "will the world act?"

It is unlikely that the Western countries have the wherewithal to devote the resources that Sachs believes are necessary, particularly in the wake of the global financial difficulties. There are at least three reasons, however, why the West cannot act even if they wanted to act, at least not in the grand fashion that Sachs hopes. First, the 0.5 percent of the GNP of the richest nations that Sachs wishes they transfer to the poorest countries in the form of overseas development assistance would have to come from somewhere. The richest countries would have to raise domestic taxes, cut spending on domestic affairs, or borrow the funds. That the richest countries have failed to live up to their pledges of aid in past years suggests that it tends to be either politically expedient to renege or impracticable to give away even a fraction of what Sachs says is needed. Understandably, domestic priorities always tend to trump international development concerns. After less than two weeks of deliberation, for instance, the United States Congress recently allocated more than $750 billion (almost exactly the 0.5 percent of GDP that Sachs claimed would end extreme poverty in the world) to bailout failing Wall Street financial institutions. On the other hand, although in 1978 the international community vowed that there would be "Health for All by the Year 2000," as Sachs (p.213) complains, the developing countries in 2000 were still marked by "the

AIDS pandemic, resurgent TB and malaria, and billions of the world's poor without reliable, or sometimes any, access to essential health service." Despite repeated pledges by the U.S. and other nations to allocate large sums to fight poverty in the underdeveloped world, they have failed to live up to their commitments. Notwithstanding the penchant for domestic priorities and for unmet promises demonstrated by some rich countries, however, Sachs somehow remains optimistic that foreign aid can achieve the Millennium Development Goals by 2015.

Second, aid has failed to produce the desired positive results in Africa and elsewhere for reasons beyond it not being enough to get the job done. Think corruption, mismanagement, war, unaccountable donors, etc. A number of the poorest countries are essentially kleptocracies, governments that rechannel foreign aid money meant for their extremely poor citizens into their own bank accounts. Aid cannot be successful if aid dollars have to pass through corrupt governments. Interestingly, Sachs seems to be of two minds on the corruption point. While he believes that attributing poverty to either crooked politicians or a backward culture is a wicked fallacy (p.56), he simultaneously admits that "a regime that is despotic, arbitrary, and lawless will easily destroy an economy" (p.87). Sachs appropriately describes the example of Zimbabwe as "a case where the traditional explanation of miserable rule is a sufficient explanation for a country's ills" (p.194). Numerous corrupt and war-torn countries have been the recipients of aid over the past sixty years. It is not surprising, therefore, that millions of people in the developing world continue to be extremely poor.

Third, the economic successes of recent years that Sachs has trumpeted, namely India and China, did not rely on foreign aid of the kind Sachs is advocating. Instead, their stories are tales of allowing entrepreneurship to flourish and letting the market do what it does best, that is, spread economic prosperity. Unfortunately, Sachs has failed to convince us that his proposal for ending poverty is better than Adam Smith's. "Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism," Smith (1776, xliii) argued convincingly, "but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things." Nations become wealthy as the scope of the market expands and their citizens are increasingly able to take advantage of the division of labor. The corollary to this is that those nations that do not have clear and defined property rights, which do not enforce contracts and so inhibit the creation of wealth, will remain poor.

III. Easterly's Pragmatic Response

In *The White Man's Burden – Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good,* Easterly lays out his own solution to the poverty dilemma. Sachs argues that 1.1 billion people continue to live on less than $1 per day because foreign aid to poor countries has been alarmingly small. Easterly (2006, p.4), on the other hand, underscores what he deems "the other tragedy of the world' poor," which is that the rich world has squandered $2.3 trillion over the past sixty years trying to alleviate poverty, while 1.1 billion people still live in extreme poverty. Easterly argues that foreign aid has failed thus far because of the paternalistic (p.24) as well as unintelligent and dangerous "delusions" (p.24) that people in rich countries have concerning the possibility of economic development. If the past is any guide, Easterly suggests, then the Millennium Development Goals are simply "beautiful goals" that are doomed to failure (p.11). Still, Easterly does not favor abandoning foreign aid as tool for economic development. What he proposes instead are "piecemeal solutions," offered by small-scale non-profit organizations, perhaps funded by traditional aid sources, where the aid agencies receive feedback and are made accountable for their results (p.382). "There is still hope," Easterly (p.367) writes, "that Western assistance can help poor people in the Rest with some of their most desperate problems." Easterly wants Western governments to fund individuals and not governments, and wants the focus to shift from efforts to end poverty to smaller projects such as delivering vaccines and fertilizer.

According to Easterly, the key to successfully administering aid is to minimize the role of "Planners" and replace them with more "Searchers." Planners believe in top-down solutions developed and imposed by outsiders. Easterly argues that institutions such as the United Nations, IMF and World Bank (where he previously worked) have traditionally operated as Planners. According to Easterly (p.6), Planners will always fail because they "announce good intentions but don't motivate anyone to carry them out…[they] raise expectations but take no responsibility for meeting them…[they] apply global blueprints…[but] lack knowledge of the bottom [billion]…[and] never hear whether the planned got what it needed."

Easterly offers a damning critique of aid giving as it has been traditionally practiced; a number of his points directly challenge Sachs' proposals. First, with regard to rich countries not fulfilling their aid promises, Easterly is surprised that no one has studied the incentives of the rich people who try to help the poor. Among such misguided incentives are "rich-world vanity" and a proclivity for "grand global schemes over getting the little guy what he wants" (p.167). Further, aid agencies tend to espouse the same list of poverty goals, such as health, education, infrastructure development, etc. With this "collective responsibility," each manages to effectively achieve nothing, while obscuring actual results (p.172). Easterly (p.368) refers to this as "one of the worst incentive systems since mankind started walking upright."

Secondly, he is not as eager as Sachs to dismiss the impact of bad governance on the mismanagement of foreign aid and the tragedy of the world's poor. Easterly (p.130) states plainly: "Badly governed countries are poor." And despite the fact that Sachs says corrupt governments will not be granted aid, Easterly (p.133) notes that that "the top fifteen recipients of aid in 2002, who each got more than $1 billion each, have a median ranking as the worst fourth of all governments everywhere in 2002." He cites studies which found that, in four corrupt sub-Saharan African countries, "30 to 70 percent of drugs disappeared before reaching the patients" (p.261). Finally, he argues that countries can and have developed without needing foreign assistance. "Most of the recent success stories," Easterly (p.345) writes, "are countries that did *not* get a lot of foreign aid and did *not* spend a lot of time in IMF programs." China's specialized towns where only neckties, or undergarments, or shoes are manufactured, India's self-made billionaires, and Turkey, Botswana and Chile's successes are given as alternative examples of the triumph of homegrown development and self-reliance. For Easterly (p.219), top-down injections of aid are thus "irrelevant medicine."

Not only does Easterly chide "utopian social engineering" for being unnecessary (p.15), he also claims that there are "unintended consequences" to Planners' efforts to help poor countries (p.66). "Statistically, spending a lot of time under an IMF program," Easterly (p.218) argues, "is associated with a higher risk of state collapse." The IMF prescribes structural adjustment policies (i.e., large scale, broad based, institutional reform efforts) to countries that are seeking loans, which often exacerbate the socioeconomic difficulties in those countries. Moreover, the IMF sets structural adjustment targets for variables such as central bank credit, foreign exchange reserves, and the money supply based on "shaky numbers" (p.222). Planners' efforts to force democratic institutions and good government in certain societies are plagued by any number of problems ranging from "elite manipulation of the rules of the political game" to "ethnic nationalism and hatreds" (p.129). Citing Pakistan as an example, Easterly (p.136-137) warns of an "aid curse," where "higher aid worsens bureaucratic quality and leads to violation of the law with more impunity and to more corruption." Furthermore, Easterly believes that since Planners benefit from making political negotiations with poor and corrupt countries, poor citizens are at risk of being used like "chess-pieces." The IMF's support of "gangsters" such as Paul Biya of Cameroon (p.157) and the U.S.'s involvement with Mobuto Sese Seko and the Iran-Contra affair (p.315) are some examples singled out by Easterly.

An additional problem identified by Easterly with aid and planning is that Planners have no way of knowing if and where their investments in poor countries will have success. "The argument for more aid money," Easterly (p. 332) articulates, "presumes that there is some all-knowing Planner who can get the right technical fix to the right place." While Sachs wants the IMF focus on, in addition to its current mandate, items such climate, disease and agronomy, Easterly retorts that it is ridiculous for any one group, be it the IMF or the UN, to endeavor to manage all of the problems of the poor. In fact, Easterly (p.212) laments that the IMF's mission statement "has grown more and more bloated."

While "planning patronizes and diminishes the poor," Easterly claims that Searchers, on the other hand, are responsible, realistic and flexible to the demands of the poor. According to Easterly (p.241), for instance, Searchers are responsible for the 1996 vaccination campaign to eliminate measles in Southern Africa, as well as the program to spread information on treating diarrhea in Egypt in the late 1980s. Searchers are able to succeed in poor countries without doling out large, conditional loans or insisting that these countries undertake sweeping reforms. Instead, Searchers succeed by learning about the "informal social arrangements" of the poor (p.87). Easterly's (p.16) Searchers are social entrepreneurs who supply "services that the market cannot supply, and toward providing institutions for the markets to work." Furthermore, Searchers are accountable for their results. They are, thus, *less bureaucratic* and *more effective* than Planners.

Although there is something attractive about his Searchers vs. Planners distinction, Easterly's critique of foreign aid efforts, at least in *The White Man's Burden,* does not go far enough, and his solutions suffer from some of the same problems as Sachs' program. His distinction between Planners and Searchers, for instance, is not as unambiguous as he imagines. He underestimates how difficult it is to distinguish between Searchers and Planners, especially ex ante. And, at times, his distinction amounts to nothing more or less than an ex post effort to characterize successful aid projects as having been led by Searchers and unsuccessful aid projects as having been undertaken by Planners. Additionally, it is difficult to imagine that breaking large aid organizations with units specializing in distinct focus areas into different organizations specializing in distinct areas will increase the likelihood that aid projects will succeed. Furthermore, the most successful "Searchers" are likely to grow into large and increasingly centralized organizations, subject to the same distorted incentives and principal-agent bureaucracy problems as the Planners. Moreover, as Easterly (p.167) himself admits, "the tragedy of poverty is that the poorest people in the world have no money or political power to motivate Searchers to address their desperate needs."

Lastly, Easterly, like Sachs, seems to be of two minds about the efficacy of foreign aid. While he is critical of the contribution of large aid agencies, Easterly (p.234) acknowledges that "the world needs some kind of international financial crisis manager like the IMF." Again, his principal concern is that aid agencies have not received adequate feedback from the poor and are not accountable to the poor. He wants donors to "give cash targeted to the poorest people" (p.380) and aid agencies to utilize private firms who "have an incentive to find things that please the customers" (p.381). He also wants agencies to better evaluate aid efforts. Easterly's solutions, however, are as vulnerable to his critiques of foreign aid as Sachs' proposals. The same structure of incentives that led to some of the most perverse outcomes (e.g., the support of the most corrupt and dictatorial regimes) also stands in the way of reforming aid organizations along the lines Easterly recommends.

IV. Common Wealth, Common Problems, and Conclusions

In spite of the failure of decades of aid efforts, neither Sachs nor Easterly have given up on foreign aid as a vehicle for delivering the bottom billion from extreme poverty. Neither has identified how the West can set up a mechanism for overcoming the knowledge and incentive problems that confront aid granting organizations. Who should get aid? How much? Which projects should be supported? How long should aid be offered? What counts as success? How should these organizations be set up so that they are accountable for their failures? Why is it in the interest of aid organizations to do a better job than they have in the past? Sachs does not recognize these as problems. Easterly does, and it informs his Planners-Searchers distinction, but his solutions suffer from the same knowledge and incentive problems as Sachs.

In his more recent book, *Common Wealth* (2008), Sachs changes direction somewhat and turns his attention to specific, targeted foreign aid efforts. Whereas *The End of Poverty* advocated an overarching solution to extreme poverty, *Common Wealth* calls for "global cooperation" to combat all of the dangers that threaten the livelihood of future generations. Sachs identifies and proposes solutions to several of the most worrisome global problems, including overcrowding, water stress, ozone depletion, disease, political instability, and the poverty trap. Unlike in *The End of Poverty,* where Sachs suggests that the rich should act to eradicate poverty because it is their social responsibility, *Common Wealth* claims that the West should help the Rest because of the "shared prosperity" that will ensue (p.206). According to Sachs (p.206), if extreme poverty is eliminated, rich countries will benefit from "a safer and more democratic world as well, with rising incomes underpinning political stability and increasingly open societies."

Although Sachs articulates a different rationale for Western governments committing to foreign aid, he still insists that the West must donate large amounts of foreign aid to the Rest. According to Sachs (p.231), "if the outside world funds…start-up investments in agriculture, health, education, and infrastructure, the situation can change rapidly and decisively." On the question of poverty, *Common Wealth* still does not provide a new or workable solution. How will Western governments and international aid agencies overcome the knowledge and incentive problems that complicate foreign aid efforts? These issues do not simply go away by saying the focus should shift from top down to bottom up approaches or that the rationale should shift from "social responsibility" to a push for "shared prosperity." Sachs' solution to the poverty problem stems from his theories on the factors influencing economic growth. In *The End of Poverty*, Sachs explains that Europe emerged from poverty after experiencing consecutive waves of technological and scientific breakthroughs, beginning with the Industrial Revolution (p.32). Britain's progression to a modern economic powerhouse rested on her proximity to continental Europe and the United States, her natural endowments of coal, and even her openness as a society and institutions of political liberty (p.33). Sachs (ibid.) mentions that the British parliament became "increasingly powerful protectors of private property rights, which in turn underpinned individual initiative." According to Sachs, any country that did not experience such a confluence of favorable factors would inevitably have its growth "delayed." In explaining why some countries have failed to ever achieve that kind of economic growth, Sachs suggests that several of the world's poorest countries are simply too poor "to get out of the mess" (p.56). Furthermore, they tend to be land-locked or have environments conducive to diseases like malaria (p.58); their populations have too many children and cannot afford to feed or educate them; their governments may be heavily indebted or corrupt; or would-be inventors see no markets and therefore do not innovate, regardless of existing property rights (p.61). All of these are reasons put forward by Sachs as to "why the process of development breaks down in many places" (p.51). Countries with these problems must rely on rich countries to step in and to finance the capital requisite for growth. Thus, Sachs' rationale for a large push by the West for ending poverty comes from the supposition that poor countries cannot develop on their own.

Easterly's approach to the poverty question, on the other hand, flows from his theories of how aid wrecks incentives for homegrown economic success. Unlike Sachs, he does not devote much time to outlining theories of economic growth and development. While acknowledging that certain factors, like imperfect property rights (2007, p.130), undemocratic institutions, and even colonization (p.285), do hamper growth, Easterly spends more time advocating non-interventionism by explaining how foreign aid has disastrous results. Still, he ends up with the solution that Searchers must fix incentives and reward interventions that work, a solution so simple (read simplistic) that Easterly himself is "embarrassed even to lay it out" (p.382).

What is remarkably downplayed in the Sachs-Easterly debate, then, is the role played by proper institutions within developing countries. Both men certainly make mention to the effect of private property rights on investment incentives. However, they each depart from that crucial step in economic growth, choosing instead to focus either positively or negatively on the role of aid. Adam Smith proposed that a key to economic development and growth is the protection of private property rights by governments. Taking from Smith's perspective, P.T. Bauer explained that when potential investors do not have to worry about government confiscation of their property, they will invest their resources wherever the market signals. Furthermore, property owners put their resources to the most fruitful use when they are secure in the knowledge that they have complete ownership and rights to earnings from it. Large-scale foreign assistance is certainly not viewed by Smith and Bauer as central to growth. In glossing over the role of private property rights, both Sachs and Easterly ultimately digress from the more important issue for growth – the adoption of appropriate institutions by developing country governments.

The publication of Sachs' and Easterly's recent books has added more fuel to the general debate over foreign aid and its impact on development. Some scholars have segregated themselves into either camp, with persons like Robert Calderisi (2006) siding with Sachs and favoring increased exogenous aid. Other scholars counter Sachs' prescriptions but do not embrace Easterly's approach. For example, Ero (2008, p.17) chides those proponents of increased Western aid, claiming that they ignore the role of strategic self-interest in the United States' development agenda. Yet Ero (p.16) simultaneously warns that "Easterly and his fellows are [too] quick to dismiss the utility of aid or other development assistance" due to a "lack of a nuanced understanding of particular African states and the improvement some have made at establishing good government." Lastly, there is a strand of the debate that, instead of merely tearing apart or corroborating Sachs' or Easterly's viewpoints, attempts to fill in the theoretical gaps in the debate. According to Sorens (2007), "institutions can constrain politicians and provide them the incentives to pursue growth-enhancing policies". Similarly, Carden (2009, p.110) writes that "economic development is an institutional rather than an infrastructural or technological problem. People respond to incentives, and the institutions defining those incentives have fundamental implications." Thus, a more fruitful direction for the Sachs-Easterly debate to take is to examine the role of a democratic, competitive market and private property institutions in the development of poor countries, particularly since there is much work to be done to clarify how such institutions endogenously emerge and are maintained.

There is reason to be skeptical that we in the West can or will do much to help those in the Rest. That is, without wasting resources and doing more harm than good. The bottom billion needs to put "themselves" on the path to prosperity – via Smith's famed peace, easy taxes and a tolerable administration of justice – more than they need a helping hand from us.

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