



Ethics Matter: A Conversation with William Easterly

William Easterly , Devin T. Stewart , Julia Taylor Kennedy

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JULIA KENNEDY: I'm very happy to welcome Devin Stewart and William Easterly here to the stage this evening.

Devin will give a full introduction of William Easterly. But let me give a quick one, before we get started, of our senior fellow Devin Stewart, who is also full-time senior director of Corporate Policy and Lecture Programs at the [Japan Society](#) here in New York. He also teaches at Columbia University's SIPA [School of International and Public Affairs] and at NYU [New York University].

He is widely published and interviewed in major press, and recently contributed to the book [Reimagining Japan: The Quest for a Future That Works](#), among other publications. Perhaps his greatest accomplishment is that he brought me to the Carnegie Council and has been a wonderful mentor.

That's just the tip of the iceberg about Devin, but I want to get the program started. So I'll turn it over to him. We're off to a wonderful evening.

DEVIN STEWART: It's a huge honor to be here. I'm here with Bill Easterly, who is a hero of mine. He is NYU professor of economics. He is author of the provocatively named book [The White Man's Burden](#). He is also a former economist at the [World Bank](#). I learned from his Twitter account that he is a fan of common sense, a critic of nonsense, and an advocate of individual rights for all.

Now, Bill, your career and your life is one of, I would say, moral integrity. You have been taking difficult positions. What are the moral principles that have guided your personal life and your career?

WILLIAM EASTERLY: Well, thank you for that statement about moral integrity. I think you might be exaggerating a little bit.

I think one of the guiding principles is, simply, honesty. I'm trained as an academic researcher to do the scientific method, basically. Some of you may think economics is not a science. And in some ways, it is oversold as a science. But we do follow something very similar to the scientific method.

And we have to test our theories against the evidence. And then report honestly what the evidence says. We're not allowed to slant the evidence to suit our favorite theory. Or my theory against my rival's theory. We're required to present the evidence honestly. That is, I guess, a very important value to me as an economist.

DEVIN STEWART: What are some of the life experiences, or professional experiences, that have led you to come these sorts of moral conclusions that you've come to so far?

WILLIAM EASTERLY: A defining moment for me was when I unintentionally blundered into a confrontation with my employer, the World Bank. It's exactly ten years ago today. This got so bad that it surfaced in a [story in The New York Times](#), which you can Google if you're interested in the gory details.

Basically, I unintentionally made the mistake of sticking to that ideal I just told you about, of being too honest. I was doing some research on aid and finding that it had not worked anywhere near up to expectations. In fact, we had very little sign that it was working at all in creating economic growth, according to the best available evidence.

I don't know why, but that conclusion wasn't real popular with my bosses at the World Bank. They seemed to lose their sympathy for the scientific method at that point. They told me I could not give my conclusions in public, basically; that's what they told me.

Again, I just blundered into this, out of some kind of unconscious stubbornness that comes from my perverse cultural upbringing. I just refused to give in. And I just kept stating what I believed and had found in my research, in public, in op-eds and discussions with journalists, and in the book that came out at that time. It was called [*The Elusive Quest for Growth*](#).

I just couldn't back down. There was just something about it, that I couldn't back down. I didn't particularly feel heroic. I just could not live with myself, if I backed down in that moment and said something different than what the research said.

So I said what the research said. So they helped me transform my career into being an academic at NYU, where you are allowed to say what you find in your research. They gently eased me out of the World Bank, with a gentle hand.

DEVIN STEWART: This is the Carnegie Council for Ethics in International Affairs. We're talking about ethics today and learning about ethics in your life. This whole matter led to an ethics investigation at the World Bank.

WILLIAM EASTERLY: Yes. That's kind of ironic. When I disobeyed the commandment to not talk in public about my research, they started an ethics investigation. I was never able to find actually what the rule was, in the rule book, that I had broken. I looked through all the manuals, looking for the rule that you're not allowed to talk about your research in public. But I couldn't find it.

But, somehow, there was some basis on which they judged me to have violated some internal ethics. I guess there's an internal code of ethics I had violated.

I can make light of it now—it was ten years ago—but it was not that fun at the time, believe me. It's a minor thing, compared to those who are standing up to autocracies in the Arab world and sacrificing their lives. There are whole levels of ethics at which people operate for ideals. I'm not putting myself that high on that scale.

But I think it's very important to stand up for what you believe is the truth. That's what I did then, and I continue to want to do that now.

DEVIN STEWART: Was it your upbringing or religion that led you to embrace honesty the way you do?

WILLIAM EASTERLY: My family comes from West Virginia. I think that is probably the single most predictive cultural element in my background. West Virginians don't like to be told what to do.

DEVIN STEWART: Well said.

Now, you mentioned to me earlier about Midwestern values. What do you mean by that?

WILLIAM EASTERLY: I don't want to put the Midwest as superior to the truth, but there is something about Midwestern values. There is a high level of just kind of the assumption of honesty. You know, you're leaving your doors unlocked. You're assuming everyone else will be honest. I grew up in a small town where that was true.

Of course, these values are highly relevant, because this is what makes our society work so well. In cities, it breaks down a little bit, because you have the cover of anonymity to misbehave, which some of our politicians seem to like doing.

But for the most part in this society, one of the drivers of our success and prosperity is that we have values like honesty. And also that we respect each other's individual rights and treat each other as equals. These are ideals that we never perfectly attain. But these have huge economic payoffs, because that's what makes us to be able to engage in contracts without cheating each other, and realize all kinds of possible gains from trade.

So these kinds of values are not just incidental to the discussion that we're about to have about economic development, and what gets you out of poverty and into prosperity. These are at the heart of what gets you out of poverty and into prosperity.

DEVIN STEWART: Turning to economic development—which is a theme throughout your career as well—I

watched [the speech you gave](#) at the Cato Institute in Washington, D.C., which was a fantastic speech. Very thought-provoking. It was leading through this intellectual journey, where you basically get to the point of saying that economic growth is very difficult to plan.

You bring us down, in a very elegant way, to the practical importance of individual rights. Tell me how individual rights is not only a recipe—or not a recipe, but an ingredient of economic growth—but, also, how does that play out in your moral fabric of your career?

WILLIAM EASTERLY: I think when you are doing research, you are confronted with a body of evidence where there are some questions where the honest answer is just, "I don't know."

That's an extremely unpopular answer, among just about everybody. Nobody wants to be told, "We've got this great development expert. Aren't you glad you all came out tonight for me to tell you I don't know what the answer is? Isn't that really edifying and enriching?" I've had a lot of difficult raising funding for the "I Don't Know Foundation." [Laughter]

But I don't know, actually, to point straight to individual rights—this is what I came to, in my own intellectual journey—I realized that we had tried very hard to figure out what were the recipes for prosperity, so that we could just tell the government to do X, Y, and Z, and prosperity would follow.

The truth is, that enterprise largely failed. And economists cannot give that kind of recipe for some kind of top-down comprehensive plan that will bring prosperity. So, you really do have to say, "I don't know."

How does that point to individual rights? If the experts at the top don't know how to design the policy, you want a system that can handle that. You can handle that with a system in which everyone at the bottom has the right to solve their own problems, with their own knowledge.

People do know a lot about their own problems at their own level. They can give you feedback on how you're doing, if you are trying to solve their problems from the top, from government. In a democracy, you give feedback on how well, or how badly, the government is doing.

So individual rights is also a way to mobilize all the knowledge in society that we need to make the economy work. It's the individual that has the particular knowledge so that they know how to run their factory, to employ people, to be a worker themselves, to start new businesses.

We'll talk later about examples—like the guy in Rwanda, who stumbled upon a very unexpected success. He figured out—this is not something anybody would have predicted—that Rwanda could prosper by exporting gourmet coffee, which you can find in New York's best coffee shops.

One reason that worked so well for Rwanda, is they have a tremendous infrastructure problem. It's very hard to get heavy stuff shipped abroad because they are landlocked, they're surrounded by countries with lousy roads, lousy ports. But gourmet coffee is something that you can create with lots of labor, which Rwanda does have a lot of, and it has very high value-to-weight ratio. So you just put it on the airplane, and ship it to New York.

Just do this test for me. Go out to your favorite coffee shop, and look for Rwandan coffee. I guarantee you'll find quite a lot of it.

So, there was no expert economist that flew in and told [Paul Kagame](#), the autocrat of Rwanda, "Here's the plan: Identify gourmet coffee as the growth industry worldwide. That's the recipe." None of that happened. These things are always surprises.

Egypt had a similar surprise. Their secret was exporting—this is literally true; I've seen it in the trade—one of their big successes is exporting toilets to Italy. They're toilets, specifically. I'm sorry to be so graphic, but they're toilets—and they're all going to Italy. I don't know why they all go to Italy. I guess the Italians like Egyptian toilets.

DEVIN STEWART: They're the best.

WILLIAM EASTERLY: They're the best. These successes are always a surprise. That's why the expert top-down plan doesn't work. You need the entrepreneur, you need the consumer, you need the market feedback, you need the democratic feedback, and all of this is built on this large edifice at the bottom of individual rights.

That was a very long answer to a short question.

DEVIN STEWART: That's great. That was like the [CliffNotes](#) version.

The theme of your talk was the secret to development.

WILLIAM EASTERLY: And there is no secret.

DEVIN STEWART: No secret, no theme.

WILLIAM EASTERLY: Right.

DEVIN STEWART: Let me ask you a really geeky question, because this is on my graduate school economics oral exam.

The [production function](#) is supposed to be land, labor, capital, and then—fill in the blank—something else. From what you're saying, it sounds like it could just be anything in the production function. But, that's hearsay.

Just a very technical economic question: What is in the production function? What creates growth?

WILLIAM EASTERLY: We're really risking serious boredom here about the economics jargon, like production function.

DEVIN STEWART: The only boring question.

WILLIAM EASTERLY: All it's really saying is that you get output by feeding in inputs. I think that's a common-sense idea. The curse of development is that it thought the way to get higher output was just to mobilize a higher quantity of inputs.

That's not how development happens. It's thinking of novel combinations of inputs that lead to these successes.

There was this soil, that is pretty good for growing coffee in Rwanda; there is this labor force, that was used to growing a little bit of coffee—there was a little bit of coffee, already, in Rwanda; and then you had lots and lots of labor. It's very labor-intensive to make gourmet coffee; there's a very labor-intensive washing process.

So, you're fitting together the soil, the labor, and then you're using the airplanes to substitute for an input that you don't have.

You don't have good surface transport. You can't ship anything heavy out of the country, because it's a disaster.

Thinking of what is the right combination of inputs—that's how you get these surprise successes. The mentality of the development world is, "We have these [Millennium Development Goals](#) and cutting poverty in half will require \$150 billion in aid, per year."

That's a very mechanistic input/output way of thinking. And that's not really how success is created.

DEVIN STEWART: Let's turn to the last section of this formal talk, and then we'll open it up to the audience here. I'd like to talk to you about how your views and your principles apply to the news today, and the future, in the world.

Individual rights—certainly a very big, important topic and instrument of change in the Middle East right now. Is the [Arab Spring](#) a manifestation of what you're talking about?

WILLIAM EASTERLY: It's the beginnings of what we're talking about with individual rights.

First of all, it's great that it came from a popular movement. To the extent that the development establishment *does* recognize that individual rights is something that they want to convey, it's if they feel it's convenient for people. But that's not how individual rights work. They work by people demanding their rights.

So this is the beginnings of people protesting against these horrible autocrats that have been keeping them down for decades and that have performed very unsatisfactorily as governments.

It's the beginning of an assertion of rights, that "you are not going to keep us down anymore. We're going to

assert our own destiny democratically."

Now, of course, there's a long way to go still. Democracy is about much more than just majority voting. It's really fundamentally about recognizing the individual's rights as a person.

Majorities can choose to oppress minorities. So that's why majority voting is not enough. You need a system of values, where you respect the rights of all minorities. Everyone is equal. Then everyone can hold you accountable for those rights.

This is so important. Not just in some big metaphysical sense, but really for practical stuff.

I was on a hike with my wife in the middle of nowhere in Ethiopia, when we passed a man on the path, who was being carried by some other men, and who was in a lot of pain. He had suffered some injury or some disease. We couldn't communicate, so we didn't know exactly what was going on. But it was obvious he was in a lot of pain.

One thing we had found out while we were in Ethiopia, is that the health system is a disaster, a complete disaster. You can't call [911](#), obviously. The reason 911 works for us is because we have individual rights. In Ethiopia the workers are absent in the health clinics. The medicines are out of stock. The doctors prescribe the wrong things.

When we talk about these heartbreaking images of wanting to help people in pain, I feel that completely, just as much as everyone else in this discussion. And yet, it's not enough to say you need X hundred billion dollars to solve disease problems. It's about, does the government of Ethiopia respect the citizens enough to make those services available to a man who's in pain like that, to make that nearby health clinic work to save that guy. That only works when you do have rights.

Unfortunately, the development world is going in the opposite direction. They have been supporting this autocrat [Meles Zenawi](#), who has been in power forever. Under the last three presidents of the World Bank, the World Bank has been an enthusiastic backer of Meles, even giving him direct aid for his own government that he can use for military purposes to repress this own population. Even when he is suppressing elections, putting opposition in jail, shooting demonstrators dead in the streets.

That's a tragedy about where the development world is at today, that we don't recognize the centrality of democratic rights.

So, to close with the Arab Spring, one of my most disappointing moments recently with the World Bank was when [Robert Zoellick](#), the president, gave a talk about the Arab Spring. He never used the word "democracy."

Can you believe that you can give a talk about the whole phenomenon of the Arab Spring, and never mention anything about democracy? Such as, "Oh, there's something about democracy that might have been involved in this also; it might have been something to do with the fact that these guys were dictators"?

He never mentioned that.

DEVIN STEWART: So how did he explain it?

WILLIAM EASTERLY: It was very vague words, the words the World Bank likes to use—empowerment, mainstreaming, community-driven, participation. He completely evaded the whole issue. He was just being descriptive. He could have at least used it as a descriptive word.

That's how afraid the World Bank, and the other development establishments, are of this word "democracy" and other words like "liberty," "freedom," and "individual rights." These are really absent, now, from the development establishment.

DEVIN STEWART: To have a proper moral inquiry, we have to turn to ourselves. We have to look in the mirror.

WILLIAM EASTERLY: Yes.

DEVIN STEWART: I think you've said that America is, in some ways, a developing economy. A developing country.

WILLIAM EASTERLY: Yes.

DEVIN STEWART: Are we living up to the principles that you've articulated? It's jobs, jobs, jobs. Do you have any advice for [Obama](#)?

WILLIAM EASTERLY: Yes.

DEVIN STEWART: This is a live webcast, by the way.

WILLIAM EASTERLY: This is not the most convenient moment I could have chosen to defend how wonderfully democracy works, with the recent behavior of our own democratic system.

In particular, we're going through this horrible economic crisis, and all the Western democratic countries, and Japan as well, are going through very severe economic crises. And we have authoritarian China doing wonderfully. So it's very tempting at this moment to say, "Oh, we should follow what someone called the [Beijing consensus](#), authoritarian, top-down planned development." We can talk about this more in the discussion period.

I don't believe China is succeeding because of being authoritarian. I think they have had rapid growth because they used to be incredibly, murderously authoritarian. And now they're a little bit less authoritarian and giving more rights than they used to. That has led to a change in the economic opportunities. so it has led to a change in the level of income. A rapid change in the level of income we call economic growth.

That's why we're so excited about China. They started with very, very low income. And they've had rapid economic growth.

But what system really works better in the long run? We look at the level of income in the two systems. China is at one-tenth or one-sixth. The income comparisons are extremely imprecise. But China is way, way below the standards of the Western democracies. So that's the long-run comparison that is relevant.

You know, this is very similar to the moment that happened at the beginning of [development economics](#). In the 1930s and 1940s, the United States was in the [Great Depression](#). Europe was a disaster. And the model, then was the Soviet Union. The Soviet Union was the original inspiration for top-down planning and development.

The people who were excited about the Soviet Union in the 1930s and 1940s today are excited about China. I'm not saying this in any kind of [red scare](#) kind of way. I'm not into any of those ideologies. I'm just saying you can't judge based on very short-term, or even 20-year-term, performance.

You judge on the long run. In the long run, Western democracy has increased income by a factor of 32 by steady, steady, steady growth.

Even in our worse crises, we always get back to the trend. To leave you on a hopeful note, that's exactly what I expect to happen in the United States. We're going through an extremely severe crisis. Our democratic system seems to be seizing up and nobody knows what to do.

But we've had these moments before. We had a much worse [crisis in the 1930s](#). After the 1930s we returned to the trend and had a great postwar boom, and I expect the same thing to happen to us today.

QUESTION: Several days ago, [David Brooks, in an op-ed piece](#) in *The New York Times*, was talking about morality in America today. In fact, polls indicate, particularly among young people, that everybody seems to have his or her own morality. There doesn't seem to be a common core of moral values. I think David Brooks put the blame, perhaps—if blame is the right word—on excessive individualism in this country.

I just wonder whether you think that, if there is in fact a moral crisis in America, that's due to perhaps our emphasis on the role of the individual versus the collective.

WILLIAM EASTERLY: No. I completely disagree with David Brooks. There is another tradition in America, that we have periodic moral panics where we think that young people are going to hell. My own children don't really do what I would always tell them to do. I'm willing to live with that for the price of their individualism.

Individualism means that you do make your own choices. You face the consequences of your own choices. You take responsibility for your own choices. It's not equivalent to hedonism. It means you make choices based on your own values.

Most of us have values where we respect other people; we're not going to do anything too horrible to anyone else or to ourselves. That's enough to make individualism work.

I'm not going to go along with this sort of panic about young people behaving crazily. We've had that over and over again, for generations. Every older generation always thinks the younger generation is going crazy.

It's part of the fear of individualism, I think, that causes people to want to turn to more authoritarian and paternalistic solutions. That, if we let people choose, they'll go crazy, they'll do all these crazy things. But we've had an individualist society for two centuries now and that hasn't happened.

So, David Brooks, relax. It's okay.

QUESTION: Susan Ball.

How important do you think the process is in the developing world, of taking a country full of poverty, and introducing the Internet and all these mechanical devices, without these people having gone through the process of creating and developing at their own speed?

WILLIAM EASTERLY: That's a very good question. I certainly agree with what I think is implicit in your question. That technology is not a magic bullet, which it is often sold as being in development. Because technology does not implement itself, technology is implemented by people.

I think this is what you're getting at, and this is yet another argument for individualism. It's only individuals, who when they are strongly motivated to make their own lives better, to make the lives of their family better, it's then that they take hold of these technology opportunities. And they debug them, they make them work, and adapt them to local circumstances and to local problems.

Cell phones have been a remarkable success. That's the biggest success in Africa right now. It's not the Internet, so much as it's cell phones.

Cell phone usage has grown by a factor of ten. Every few years it goes up by another factor of ten. It's just incredible growth.

The cell phone technology is being used by farmers to get crop prices so they're not being cheated, they're getting a fair price. It's being used by traders to set up appointments for doing business trade. There's an illiterate fisherwoman on the Congo River who is calling her customers saying, "I have fish, come buy it."

The internet is being used for reporting medical information when there's a disease outbreak. It is being used in disasters, like with [Ushahidi, Inc.](#) in Kenya, and in other places.

These are marvelous technologies. But this is another reason why the top-down doesn't work. Because the planned approach can never anticipate a new innovation, like using a cell phone, in a new way. You can never plan an innovation, because if we already knew what the innovation was in advance, it wouldn't be an innovation. An innovation means you discover a new approach to something.

The best system you can have for discovering new approaches is not to have one planner at the top trying to decide the answers and what are going to be the successful innovations. It's to have lots and lots of people at the bottom experimenting with the technologies and the other things that are available to them, and finding their own innovations.

That's where all these uses of the cell phone and the explosive growth of the cell phone came from in Africa. It came from the bottom. It did not come from the top.

DEVIN STEWART: Those are what you call the searchers?

WILLIAM EASTERLY: Yes.

DEVIN STEWART: Is there some extent to which individual rights go out of control? I know you're sort of dismissing the panic. And I agree with you. But to what degree? Is there something we should look out for?

WILLIAM EASTERLY: No.

DEVIN STEWART: I think people might be thinking in the audience, "Individual rights all the time for everyone, period? Or is there some caveat or balance?"

WILLIAM EASTERLY: All of us in development have this terrible incentive to kind of oversell solutions and make them sound too easy. I'm not even sure I would call individual rights a solution, because it's not clear exactly how you implement individual rights.

That itself is something that's advanced by political innovations, just as [Martin Luther King, Jr.](#), in our society, was a political innovator who found a way to advance the rights of blacks in the South. We have these same things happening, like with the [Untouchables Movement](#) in India; we have political innovators mobilizing for rights.

It's not a clean, tidy solution, not just a slogan that will make everyone say, "We know exactly what to do now." It's an open-ended search for better ways to search.

DEVIN STEWART: So you're slightly more sophisticated than [Ayn Rand](#).

WILLIAM EASTERLY: Yes.

DEVIN STEWART: That's good.

WILLIAM EASTERLY: And let's not be fanatic about what we mean by individual freedom or liberty either. It's also what people define for themselves they mean by individual freedom.

Of course there are things that do require some coercion. I mean, all of us have to pay taxes in order for public goods to be supplied by the government. So I'm not saying, like [Robinson Crusoe](#) living on the island, "Do whatever you want." Obviously, there's coercion that is imposed on us to pay our taxes and to pay for the public goods that the whole society needs.

But, of course, we've got to get the right public goods and the public goods we actually want through a democratic system. So we have the democratic rights to put in place the coercion that we commit to voluntarily accept. That's extremely important, so that coercion does not run out of control and start abusing us.

DEVIN STEWART: It sounds very tricky, though.

WILLIAM EASTERLY: Oh, it is tricky. Development is tricky.

Anyone who says, "The answer is in my 3,000-word article. I will tell you how to solve world poverty," don't listen to that article. It is a tricky thing.

QUESTION: Within development there has been this trend of [social entrepreneurship](#). I wanted to know what your thoughts were on that trend in terms of, specifically, poverty alleviation.

WILLIAM EASTERLY: By and large, I think it's a great trend. It's entrepreneurship applied in the nonprofit sector. That's a great idea in principle.

It doesn't mean that every NGO [non-government organization] that uses the words "social entrepreneurship" gets a free pass that they're effective.

Being an entrepreneur means certain very definite things: that you are trying to find an innovation that will benefit people; that you will have some way of having feedback and accountability; that you indeed find something that benefits people. A private-sector entrepreneur has that in the market.

Of course, in the social world it's more difficult, because we don't have the kind of consumer purchase decision as feedback to know whether what the social entrepreneur came up with was a successful innovation, from the point of view of the beneficiaries that you're trying to reach.

There are some very famous failures, also, in social entrepreneurship. There was this thing called [play pumps](#), where someone had the idea that you could give a village a merry-go-round that the children could play on that would pump water. When the children were running around the merry-go-round and turning it around, they'd be pumping clean water out. It sounds great, right? Sounds like the best thing ever. Everybody loved it. People loved it, over and over again, for ten years.

It took ten years for them to realize, finally, that this was not working. Children did not play enough to give you anywhere near enough the true manual power you need, to make this thing give enough water.

So what it was was an extremely cumbersome pump. When you arrived unannounced, you would see the poor children and usually the women of the village toiling along pushing the heavy merry-go-round around, trying to pump the water. But it took ten years for people to figure out that that wasn't working.

So that's the dark side of social entrepreneurship. You have to find a way that you can find out quickly if your innovation is not what people want. If you don't have that, then you can't really earn the title of social entrepreneur.

DEVIN STEWART: Well, there's something in your book. Maybe we could call it celebrity entrepreneurship.

WILLIAM EASTERLY: You know, [Oprah](#) loved the play pumps. That's the problem with celebrity involvement.

DEVIN STEWART: There's an interesting story you might tell us about. I think it was [Sharon Stone](#) who got very excited about [bed nets](#). That didn't work out so well. Sort of a similar story at the celebrity level. Can you tell us a bit about the bed net story?

WILLIAM EASTERLY: Yes.

DEVIN STEWART: People think that bed nets are just the best thing, right? I think that's still in the popular imagination.

WILLIAM EASTERLY: Yes.

[Sharon Stone jumped up one year at Davos and said](#), "Bed nets are the answer to malaria and I want all of you"—speaking mostly to an audience of older, rich males who were quite admiring of Sharon Stone—"I want you to reach into your pockets and make personal donations. Let's raise money right here and now for bed nets."

Again, that's this technological magic bullet that doesn't really work on the ground. Of course, it can work if people are motivated, if people have the knowledge of what's going on with malaria and why you need to sleep under this hot, sweaty bed net to be protected against mosquitoes, and why it has to be treated with insecticide.

How do you get these bed nets out? Do you give them away for free? Do you charge a small amount for them, so that you can keep the program going on a sustainable basis?

The devil is always in the details. That's why you always need someone motivated enough to figure out the answer.

There have been people who have strenuously advocated free distribution, or charging some distribution. I originally thought there was some evidence for charging being better than free. Some new studies suggest free is more likely to get the bed nets out there.

I'm still not sure that really answers our question, because charging for them just meant charging pennies. You couldn't say that people could not afford it, because something that would save you from getting sick and being disabled for months at a time, is something that you can afford to spend pennies on. If you really want it.

People found in an experiment, that free distribution led to much, much greater distribution than if you just charged a few pennies for the bed net. They took that, and people like [Jeff Sachs](#) have taken that, as being strongly in favor of mass free distribution of bed nets.

I'm not so sure, because it leaves unanswered another question: If people are not willing to pay for them, is that really convincing that the people really do want them? That they do really want them, and want to use them?

That study sounds to me like it's showing that people are really not that interested in bed nets. So the challenge is really convincing people that this should be something they want to save their lives. Or maybe there is some other better solution than bed nets.

DEVIN STEWART: If you read about [Bill's book](#) online and you read some reviews, some people describe it as being an anti-Jeff Sachs book. Jeff Sachs is going to be speaking here in November, I understand, so maybe you could come back and have a tête-a-tête.

WILLIAM EASTERLY: Sure.

DEVIN STEWART: Is everything cool between you two now, or what's going on?

WILLIAM EASTERLY: There's not a lot of direct communication.

DEVIN STEWART: Mostly through Twitter?

WILLIAM EASTERLY: No, not even through Twitter.

You know, with these intellectual debates—we don't do this intentionally. But somehow people pay more attention if it's thought to be sort of a grudge match.

I've met him a number of times, both before and after we became the official opponents, with certain positions. I have long admired him. He has had a great career in economics.

But I have extremely strong disagreements with him. It's not personal. I'm not saying he's a bad person. And that's okay that we have disagreements.

I don't know why people get so upset that there are strong disagreements. That's part of what makes democracy work. That you have someone on one side.

This is what makes our justice system work. You have the prosecuting attorney and you have the defense attorney, and they both present what might be somewhat extreme and slanted positions. But someone in the middle, the neutral people, find the answer.

DEVIN STEWART: That's a really good point. There is intrinsic value in debate.

WILLIAM EASTERLY: Yes.

DEVIN STEWART: What about someone who—this is just a funny question, so you can just say "pass"—but someone who is not going to be speaking here in November, who is [Bono](#), is another target of your book. Any comment about Bono? He seems like a symbol in your book.

WILLIAM EASTERLY: I'm kind of annoyed with the general phenomenon of giving celebrities a lot of say. Because, frankly, I take it as a sign of sort of disrespect for the poor people whose problems we're solving.

Let's just think for a moment. Would anyone be in favor of giving Bono a seat on the [Federal Reserve Board](#) to determine monetary policy? Raise your hand if you're in favor of having Bono there.

DEVIN STEWART: Would it be treasonous, though? Would he be accused of treason by [Rick Perry](#) if he ran?

Let's get some more questions.

QUESTION: To your point about individual rights, creativity, maybe implicitly being a means to an end: Certainly it's an end in itself as well. I wonder, is there any legitimacy in trying to measure human values as an outcome of development? People talk about a happiness quotient sometimes. That may be a luxury for countries that already have material sufficiency. Anyway, I'd be curious to know what you thought about ideas like that.

WILLIAM EASTERLY: That's a very good question.

First of all, I'm glad that you reminded us all that individual rights are an end in themselves. That's certainly something I believe in extremely strongly.

In that way, although I think it is important for us to talk about whether a system based on individual rights works better than an authoritarian system, I think people want to have that discussion. That might, in fact, influence a little bit how strongly they feel about individual rights. Or not.

But by and large, we don't choose individual rights because of that kind of discussion. We choose them because we value them. And it's an end in itself. It wasn't like [Thomas Jefferson](#) was saying, "What were those [regression studies](#) again about whether it works out? Does it increase GDP [gross domestic product] per capita if I say 'all

men are created equal'?"

No, that's not how we got there. It was an end in itself.

Also, I think you're getting onto another important thing. I think the path for individual rights becomes easier as we all get richer.

Individual rights is three things: It's an end in itself, it's a cause of development, and it's a consequence of development. So it feeds on itself.

For example, to give you a very specific economic argument for why rights gets easier, there is one argument that economists have made for why women's rights have made a lot of advances over the last century.

There's still a huge way to go for equality of women, but one thing that explains why it has been easier for women's rights to make an advance over the last century, is that our technology has shifted to where now our economy mainly depends on brains and not on brawn, and men and women are equal in brains; they're not equal in brawn.

So when we had an economy depending on manual strength, then men had the upper hand. Now that we have an economy that has moved to a place that it depends on brains, men and women are equal. That makes it easier for women to make the case that they deserve equal rights. And it makes it easier for the men to give and respect those rights.

DEVIN STEWART: Are men and women really getting equal or are men going down? "[The end of men](#)" was recently in *The New York Times*, right?

WILLIAM EASTERLY: I don't know. Don't go there.

DEVIN STEWART: Shall we do one last question?

QUESTION: No discussion of magic bullets in development would be complete without hearing something about [microfinance](#). What are your thoughts on that subject?

WILLIAM EASTERLY: I'm glad you raised it. It's one of those kinds of solutions that always appeals to everyone, because it's about people helping themselves. It's a means by which people help themselves. That's extremely attractive, to me as well.

But does it actually work in practice? Or does it do what it's sold to do? I think the evidence, unfortunately, has not been all that spectacular.

It definitely has some benefits. But the evidence we have is mostly, that it's helping poor people smooth their living standards and cope with unexpected disasters, like the breadwinner getting sick or a bad harvest, or whatever. It's where you can go borrow money to tide you over at non-extortionate rates, and then pay it back when good times return. That seems to be the main benefit that is identified in the evidence.

The original selling point was that it could unleash lots of entrepreneurs. That one has not worked out so well. That is really, by and large, not what microfinance is doing, according to the evidence.

[Dean Karlan](#), who has worked on microfinance a lot, who's an economics professor at Yale, gave I think is the best pithy explanation of why it doesn't work as well as expected—which is, basically, that if you just walked outside on the street here and just went up to the random person and offered to give them a microfinance loan to start a new business, would you expect that it would succeed?

Not really. It's rare to find people who can make new businesses succeed. And so the idea that you can do mass lending to turn everyone into a successful small business owner is just not realistic.

Again, it's not the means. It's what people themselves choose to do and be is what matters. The people who are good at being small business owners will find a way, and the microfinance will help them. But to expect everyone to do that, that's not reality.

DEVIN STEWART: I think it's a great way to end, Bill. Thank you.

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