Addicted to misery?

October 17, 2010 / by NYU DRI

by David Zetland, S. V. Ciriacy-Wantrup Fellow in Natural Resource Economics & Political Economy, UC Berkeley

While Bill and others were messing around with the New Yorker piece on Chinese development, they overlooked another piece in the same issue that may be even more significant (!) than debates over China’s growth.

In “Alms Dealers” [sub reqd] Philip Gourevitch reviews Linda Polman’s book, “The Crisis Caravan: What’s Wrong with Humanitarian Aid?” The central thesis of this book (as presented in the review) is that the people who deliver aid are addicted to horror stories and starving kids, and this addiction is fed by those who benefit from aid, whether they be local leaders, militias committing atrocities or even victims who don’t wear their prosthetic legs because they can get more attention with their stumps.

This thesis has always made sense to me (see this this and this at my day-job blog, aguanomics). Polman is merely putting data (multiple anecdotes) to the theory.

Here’s the simple version: If people give you money because of A, then you don’t do anything to stop A. Even better, make A bigger so you get more money.

Here’s the refined version: Bruce Yandle’s theory of Baptists and Bootleggers holds that Bootleggers quietly cheer Baptists’ efforts to close liquor stores on the Lord’s Day. Closed stores mean less competition for Bootleggers selling booze from their, uh, boots.

Although Baptists and Bootleggers may not be explicitly cooperating, they are seeking the same thing (a ban on legal alcohol sales) for totally opposite reasons. The Baptists are deluded into thinking that the ban will end alcohol drinking; the Bootleggers know that the ban is good for business and their profits.

Now, let’s reword that for aid: “The Baptists—Activists are deluded into thinking that the aid money will end alcohol drinking poverty; the Bootleggers—warlords and corrupt politicians know that the aid money is good for business and their profits.”

Who suffers? Drinkers pay more for their illegal booze, and they are not better off. Tax payers pay higher taxes, and aid beneficiaries are not better off.

What’s interesting in Polman’s book is the way that Bootleggers—warlords and crooked politicians are actively making poor people worse off, to raise their profile and increase the flow of “do something!” money funneled through the Angelina-Bono-Geldof-Sachs pipeline.
I covered a number of these issues, focussing on the discretion that middlemen (aid workers and bankers) have in choosing what actions to take and how much effort to exert in my Public Choice article, “Save the Poor. Shoot some Bankers” [open access], but I was not cynical enough to endogenize poverty. Polman’s claim that the people in the aid business are actively worsening things for aid recipients, to give themselves job security and more money, is dangerous and damming, but it is fair game for testing evidence for aid against aid.

Photo credits (top to bottom): World Bank, USAID, UN

Books and book reviews

The plight of the African intellectual – a moral fable

Another fake numbers problem on a topic Americans (and NYT) care about even more than world hunger

Comments (23)
Two chapters into Polman's book, I'm with all of you who describe it as poor. There's a critique to be made; this ain't it. Alas. (Though the tone of that "merely" still puts my hair on edge.) A question for whoever chose the art on this post: I get the kids getting food, and the kid with a box on his head... presumably food, box = aid. But why is there a totally decontextualized picture of an unidentified woman/young girl looking listless with an amputated arm? It's the visual epitome of misery = $ that you're critiquing, but it doesn't come across as part of the critique; it comes across as an odd visual contradiction, at least to me.

ALNAP's Director John Mitchell has recently blogged about the new generation of deeply pessimistic books on humanitarian aid, such as Polman's- read it here http://www.alnap.org/blog/9.aspx

I appreciated the juxtaposition of the two posts today and yesterday:Polman: Because humanitarian aid operates in places where awful things happen, humanitarian aid must be the cause. Easterly: Because Africa-thought is about the poorest and slowest growing continent where only a tiny fraction of the population goes to university, African-thought must be the reason why there are so few professional intellectuals from Africa.

After over 40 years in the trade, I agree with Zetland's post -- and his hypothesis merits serious research (also it's not new). One way of expressing the hypothesis is: their weakness is their strength. "Their" = many 3rd world governments (not all) and many (not all) organizations there. This mind set tends to drive (to some extent) decisions re allocation of aid and private donations. It is not an issue of good science. Good science seldom leads to good decisions, and seldom can measure the essence of the problem. Perceptions reign, alas. The political economy tends to reign (from career advancement within aid organizations to Presidents trying to keep together fragile corrupt coalitions with a way for themselves out to Europe or Dubai when the house of cards fall.
I was making fun of the expression "The plural of anecdote is data," which is sometimes written "The plural of anecdote is NOT data." OTOH, I don't care about people with axes to grind, reputations to defend, etc. I *do* find this thesis (misery = $) to be compelling as a motivating factor in most of the PR and most of the ineffectiveness in aid. If you (and others) want to argue with the messenger, so be it, but what about the message?

Oh, and "I've yet to meet a rebel leader" is not data, either :)

Polman, Collier, and the Rational Actor Model &laquo; Peace Dividend Trust Blog 7 years ago

[..] has another interesting post up, featuring David Zetland and his review of the review of Linda Polman's new book [..]

I watched Polman tout the book on the Daily Show. And went to her launch at the Half King in NYC a couple weeks back. There are three main problems with it: 1. Despite what Zetland says, anecdotes are not data. The book reminds me of "Lords of Poverty", which was shooting in the right direction, but relied almost solely on entertaining anecdotes. The aid industry is a total mess largely because huge decisions are made on what feels right, truthiness, if you will. In this sense, Polman is right in general, the aid industry is a mess, but her anecdotes focus on coordination and motivation issues, not on aid effectiveness. Polman's got lots of "truthiness", but little else. 2. One of her prescriptions is some massive European-style coordinating and governance body which would oversee all NGOs around the world and ensure that they have ethical standards. If you ever sat through an interminable UN Country Team coordination meeting in a place like Afghanistan or Haiti, you know of what I speak. 3. Her argument on the motivation of warlords reminds me of a ridiculous formula Paul Collier once used to explain the decision making process of rebels (http://2.ly/dkza). It combined the likelihood of victory, the taxable revenue at stake, the size of the population, and five other factors to arrive at the "Rebel Utility Function". Very impressive, but the only problem is that I've yet to meet a rebel leader who subscribes to the "rational actor model". Most of them are more than a little nuts, and even the sane ones take decisions based on a much more subjective basis such as how angry they are, and how many guns they have access to.

I believe she was also promoting this book on The Daily Show a while back. Not a terribly impressive interview. Journalists typically are out of their depth on topics like this, mainly since they're first and foremost journalists, not aid specialists.

I went to the book launch and heard her speak. Not convincing. And data is NOT "multiple anecdotes"

The article is also the most recent attempt by Philip Gourevitch to exculpate Paul Kagame regarding Rwandan involvement in mass killings in the eastern DRC as shown in the recent UN Congo mapping report.

The trouble with Polman's book is that it is very poorly researched. Conor Foley published an excellent review pointing this out here.http://www.guardian.co.uk/commentisfree/2010/may/14/humanitarian-aid-linda-polman-war-games
Aid Watch on the aid industry's fixation on mostly African horror stories. 

This post was mentioned on Twitter by OpenEye Group, Conduit Journal and sanjit_krish, Inside USAID. Inside USAID said: Addicted to misery?: Even if we give the World Bank, USAID and NGOs a free pass as pure Baptists, then we still ha... http://bit.ly/bGOBfV

I haven't read a stitch of the book, or the New Yorker review, but I'm already set on edge by this post: Can we possibly give Polman a bit more credit than "merely putting data to theory" (my emphasis)? If her book does, as you say, illustrate politicians actively making the poor worse off, then it does more than "merely" anything.