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CROSSROADS

How Can We Help the World's Poor?

By NICHOLAS D. KRISTOF
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The number of bleeding hearts has soared exponentially over the last decade. Celebrities embraced Africa, while conservatives went from showing disdain for humanitarian aid ("money down a rat hole") to displaying leadership in the fight against AIDS and malaria. Compassion became contagious and then it became consensus.

Crossroads

This is the ninth and final essay in a series examining changes in the collective American experience.



Yet all the wringing hands never quite clasped. Just as the bleeding hearts seemed victorious, they divided in a ferocious intellectual debate about how best to help poor people around the world. One group, led by [Bono](#) and the indefatigable [Jeffrey Sachs](#) of [Columbia University](#), argues that the crucial need is for more money. After all, aid for development is quite modest: for every \$100 in national income, we Americans donate just 18 cents in "official development assistance" to poor countries.

Sweden donates five times as much. Sachs's book "[The End of Poverty](#)" is the bible of this camp.

The rival camp, led by William Easterly of [New York University](#), argues that more money doesn't necessarily help, and may hurt. Easterly, whose powerful and provocative book "[The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good](#)" appeared in 2006, is still rocking the world of do-gooders. His book was a direct assault on Sachs's, and it has been influential because, frankly, much of his critique rings true, even among aid workers.

Easterly has been joined this year by Dambisa Moyo, a Zambian economist who wrote "[Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa](#)." Moyo attracted attention in part because of the novelty of an African denouncing aid to Africa, and her book has set off another wave of bitter, personal feuding between the two camps. Few people fight as savagely as humanitarians.

The Easterly/Moyo camp notes that anybody who has traveled in Africa has seen aid projects that have failed, undermined self-reliance and entrepreneurship, even harmed people. Economists find no correlation between countries that received aid and those that grew quickly. Indeed, the great economic successes in modern times (mostly in Asia) often received little aid.

It's also clear that doing good is harder than it looks. For example, abundant evidence suggests that education can be transformative in a poor country, so donors often pay for schools. But building a school is expensive and can line the pockets of corrupt officials.

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And in my reporting I've found that the big truancy problem in poor countries typically involves not students but teachers: I remember one rural Indian school where the teachers appeared only once or twice a year to administer standardized tests. To make sure that the students didn't do embarrassingly badly on those exams, the teachers wrote all the answers on the blackboard. The critics can cite similar unexpected difficulties in almost every nook of the aid universe.

If Sachs represents the Hegelian thesis and Easterly the antithesis, we now have hope of seeing an emerging synthesis. It would acknowledge the shortcomings of aid, but also note some grand successes. For example, the number of children dying each year before the age of 5 has dropped by three million worldwide since 1990, largely because of foreign aid. Yes, aid often fails — but more than balancing the failures is quite a triumph: one child's life saved every 11 seconds (according to my calculations from [United Nations](#) statistics).

Moreover, pragmatic donors are figuring out creative ways to overcome the obstacles. Take education. Given the problems with school-building programs, donors have turned to other strategies to increase the number of students, and these are often much more cost-effective: (1) Deworm children. This costs about 50 cents per child per year and reduces absenteeism from anemia, sickness and malnutrition. A Kenya study found, in effect, that it is only one twenty-fifth as expensive to increase school attendance by deworming students as by constructing schools. (2) Bribe parents. One of the most successful antipoverty initiatives is Oportunidades in Mexico, which pays impoverished mothers a monthly stipend if their kids attend school regularly. Oportunidades has raised high school enrollment in some rural areas by 85 percent.

I don't mean to imply that building brick-and-mortar schools is an outmoded idea. My wife and I built a school in Cambodia, through American Assistance for Cambodia, because we were able to establish that teachers do show up there, that the bottleneck in rural Cambodia is school construction, and that our donation would be highly leveraged. Likewise, Greg Mortenson's famous school-building efforts in Afghanistan and Pakistan, described in his superb book, "Three Cups of Tea" (written with David Oliver Relin), makes a huge difference on the ground. The point is to be relentlessly empirical.

One of the challenges with the empirical approach is that aid organizations typically claim that every project succeeds. Failures are buried so as not to discourage donors, and evaluations are often done by the organizations themselves — ensuring that every intervention is above average. Yet recently there has been a revolution in evaluation, led by economists at the Poverty Action Lab at [M.I.T.](#) They have designed rigorous studies to see what actually works. The idea is to introduce new aid initiatives randomly in some areas and not in others, and to measure how much change occurred and at what cost. This approach is expensive but gives a much clearer sense of which interventions are most cost-effective.

The upshot is that we can now see that there are many aid programs that work very well. We don't need to distract ourselves with theoretical questions about aid, so long as we can focus on deworming children and bribing parents. The new synthesis should embrace specific interventions that all sides agree have merit, while also borrowing from an important insight of the aid critics: trade is usually preferable to aid.

I was recently in Liberia, a fragile African democracy struggling to rebuild. It is chock-full of aid groups rushing around in white S.U.V.'s doing wonderful work. But it also needs factories to employ people, build skills and pay salaries and taxes. Americans are horrified by sweatshops, but nothing would help Liberia more than if China moved some of its sweatshops there, so that Liberians could make sandals and T-shirts.

Paul Collier, an [Oxford University](#) economist who exemplifies the emerging synthesis in his brilliant book "[The Bottom Billion](#)," has lately argued that the best way to rescue Haiti is for America to encourage a local textile manufacturing industry, which could export to the United States, creating jobs and a larger tax base.



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As these ideas spread, we're seeing more aid organizations that blur the boundary with business, pursuing what's called a double bottom line: profits but also a social return. For example, the New York-based Acumen Fund is a cross between a [venture capital](#) operation and an aid group: it invests "patient capital," accepting below-market returns and offering management help in a Tanzanian company that makes antimalaria bed nets, for instance, and in a hospital company in India that offers a for-profit model to fight maternal mortality. The founder of Acumen Fund, Jacqueline Novogratz, recently published a memoir, "The Blue Sweater," that argues for this kind of approach.

In the 1960s, there were grand intellectual debates about whether capitalism was heroic or evil; today we simply worry about how to make it work. At last, we may be doing the same with foreign aid.

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