

William Easterly, The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor

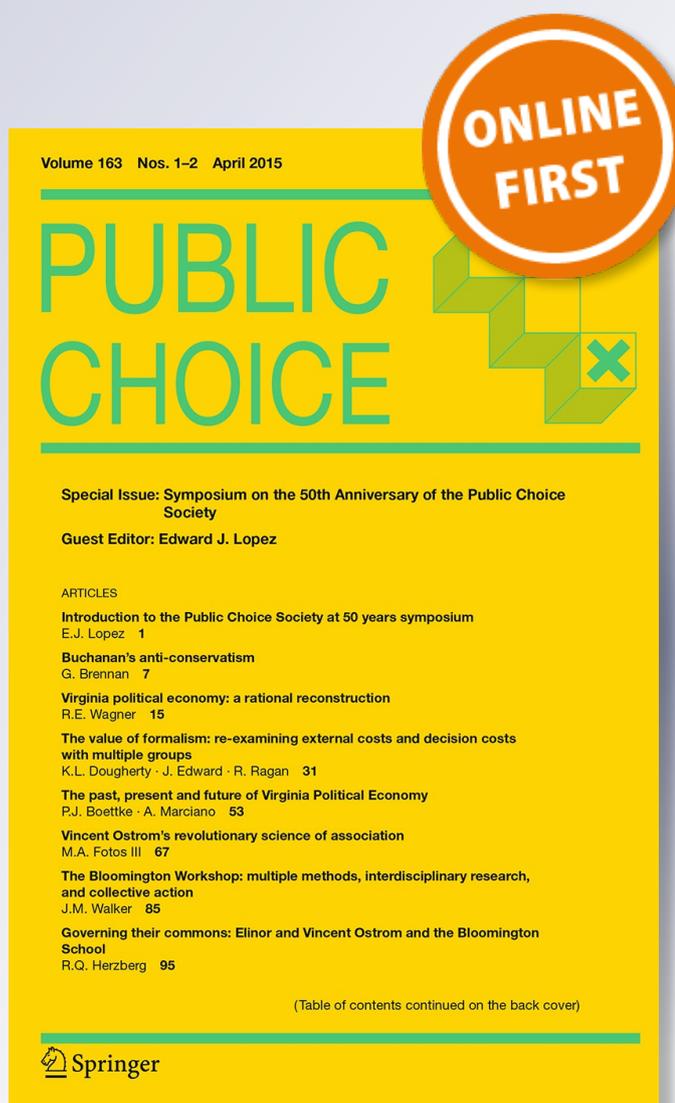
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William Easterly, *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor*
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In *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor*, William Easterly sets out to right an economic wrong. He does so by engaging the opposing ideas of the joint recipients of the 1974 Nobel Prize in Economics, Gunnar Myrdal and F.A. Hayek. Their ideas have created an economic development divide with Myrdal spearheading the authoritarian technical development view and Hayek leading the free individuals development movement. Easterly draws on the last six decades of economic research to provide a critique of the authoritarian view in favor of an individual rights perspective. And he does so in his usual entertaining, snarky, brilliant and poetic style.

Easterly's main criticism is that the conventional approach to making poor nations rich is based on a technical illusion—the idea that poverty is merely a social engineering problem that can be solved by applying technical expert solutions. These solutions are based on specialized scientific knowledge in healthcare, agriculture, education, etc., that can be applied by development experts.

In his previous work, *The White Man's Burden* (2006), Easterly attacked the technical approach, and its subsequent call for foreign aid to fund technical solutions, arguing that development is the result of many individuals acting as bottom-up searchers. These searchers find ways to solve problems by tapping into localized knowledge. In that book Easterly's argument drew a clear distinction between technical, scientific knowledge and useful, adaptable knowledge. Technical solutions, while technically 'correct,' lack the necessary local knowledge to make scientific solutions effective in practice. The implication is that no one person, or group of people, has the development answer. Instead, development requires an environment that allows for experimentation from the bottom.

Easterly extends this logic in *The Tyranny of Experts*, and, in doing so, delivers another blow to conventional development wisdom. The so-called development experts are not the

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solution; they are part of the problem. Technical experts with their scientific knowledge rely on poor country governments, many of which are authoritarian, to implement their top-down technical solutions. This further empowers non-benevolent dictatorships who face few, if any, constraints on their behavior. This unchecked power of government is the real cause of poverty. Ironically, if individuals were given economic and political freedoms, they would discover solutions to their technical problems without the need of development experts. Therefore, contrary to the common view, technical problems are a symptom, not a cause, of poverty. The root cause of poverty, according to Easterly, is the lack of individual rights—political and economic.

The core foundation of the book's critique centers on 'the debate that never happened' between Myrdal and Hayek. As argued in chapter 2, they held dramatically opposing views of how prosperity is achieved. Hayek's work emphasized the respect of individual rights. Myrdal's did not. Instead, Myrdal argued that national governments had to plan development and impose this plan by coercion if necessary. National development planning was possible through conscious design as the requisite knowledge was assumed to exist and be available to expert planners. In addition, Myrdal claimed unanimous support for his national planning, technocratic position. In some sense, Myrdal could be described as the ultimate expert. His ideas have resonated among a diverse set of interest groups, including: humanitarians, philanthropists, Western political leaders, and development experts. Each group, regardless of their intentions, is rationally following their self-interest. This has created a classic 'bootleggers and Baptists' problem where unlikely groups become strange bedfellows.

Hayek, on the other hand, championed decentralized individual planning through the market process which was grounded in private property rights. One of Hayek's (1945) main contributions to the economics literature is the insight that no single mind possesses the necessary knowledge to plan an entire economy. For Hayek, economic knowledge is often dispersed, context-specific, and difficult to verbally communicate. In order for society to prosper, this dispersed knowledge must be utilized. To Hayek, this was *the* economic problem: how best to utilize dispersed knowledge, which could not be collected or known by supposed experts. He argued that free individuals have the incentive to exploit their own local knowledge, and this dispersed knowledge gets communicated to others through market prices. The granting of individuals rights creates an environment conducive to the discovery and use of knowledge to advance civilization. There is no role for the development expert in Hayek's framework and attempts by experts to engage in rational constructivism are likely to cause more harm than good.

Part two of the book attempts to shed light on why the debate between Myrdal and Hayek's ideas never happened. Easterly traces three historical cases highlighting how Maoist Chinese, Columbian "La Violencia", and post-colonial sub-Saharan African development was, in part, a consequence of Western racism, hubris, and perverse incentives. These factors led leaders and Western advisors to embrace the authoritarian approach and ignore the free development alternative. Technocratic development became, and still remains, a useful Western foreign policy tool.

Perhaps, the debate did not happen because Hayek did not see his work as being part of 'development economics' as much as he was writing about the economic problem more broadly. And, in his mind, the debate had already happened several decades prior—during the socialist calculation debate. Mises (1920) provided the capitalist blow to socialist planning when he illustrated why it is impossible for socialism to lead to a more prosperous society. Rational economic planning does not exist without profit and loss signals, which directly depends on the market price system. Competitive prices can only emerge from

individuals freely exchanging through the market process, and this free exchange only takes place in a system of private property over the means of production.

Hayek viewed his work on knowledge as an extension of Mises' insights. Planners will ultimately fail in their attempts to recreate societies, as they do not have the required knowledge to give people what they want, when they need it, and in the cost-minimizing manner. Development planning is no different than socialist planning. But, as Easterly argued, no one was listening. This should not be surprising. Why would Myrdal listen to Hayek when Myrdal assumed he and other national planners had the knowledge to develop the rest of the world? This pretense of knowledge was never in question among Myrdal and his followers. Unfortunately, this same pretense of knowledge remains a problem in mainstream economics, and not just among development economists although it is quite common in the field.

In Part three, Easterly contrasts the blank slate approach versus learning from history. The technocratic experts who wish to develop a country do so as if they have a blank slate, ignoring a country's historical experiences, individual values, and institutional legacy. Culture, for example, is seen as a barrier to the planner. However, Easterly draws on an extensive body of work to show how history does indeed matter for future development. Culture, instead of impeding development, may actually provide an alternative to formal government promoting exchange and thus leading to development.

Part four outlines why we should focus on individuals instead of nations. Migration is one of the most powerful ways to protect individual rights and lift individuals out of poverty (Clemens 2011). Yet, Western governments deny billions of poor individuals this option partially based on the idea that a person born in an African country belongs to Africa (queue 'brain drain' arguments). In order to impose their national development plans, such as a predetermined rate of growth, technocratic experts necessarily focus on national collectivist goals often at the expense of minority rights. However, once you shift the argument from the national to the individual level, it is easy to see how nations can actually destroy individual-level development through perverse national policies, such as trade barriers and migration restrictions. Easterly concludes that nations do not matter nearly as much as the development community tends to emphasize.

The last section, Part five, presents the case for spontaneous order over conscious expert design. The central theme of this section relates directly to the insights of Hayek's work on the knowledge problem. "We" cannot plan development because development is a consequence of social order, and social order emerges from decentralized, purposive human action, not from well-intentioned human design. No person, or group of people, possess, or can possess, the knowledge to consciously design a society. One of the most dangerous consequences of conscious design efforts, as Easterly points out, is the preference for a 'benevolent autocrat' over the system of freely exchanging, private individuals.

Easterly could provide an even harsher critique of authoritarian development and benevolent autocrats by drawing from the vast public choice literature. Hayek provides the argument that we need to be humble and realize we do not know what is needed, or how to provide it in an efficient manner, while public choice economists argue that even if 'we' do know, the experts typically do not have the incentive to select and implement the optimal plan. All politicians, including autocrats and those democratically elected, are driven by self-interest. A key insight from public choice is that political self-interest does not often align with the economic well-being of citizens, leading to perverse outcomes. In addition, this line of work focuses on how to limit state power illustrating that unless constraints are placed on government, economic stagnation is the most likely outcome due to predatory and unproductive behaviors by the political elite.

To strengthen his individual rights and free development argument, Easterly could draw on the self-governance literature (Powell and Stringham 2009; Leeson 2014). Self-governance ultimately hinges on individual rights; however, it is a system of rights without a centralized government. This work shows how individuals, both historically and currently, can solve their own problems via private governance mechanisms in spite of dysfunctional and predatory governments.

By incorporating this body of work, Easterly would not only provide further illustration of social cooperation absent experts, but he also would provide a potential alternative to his own democratic capitalism solution: anarcho-capitalism. Democratic capitalism not only suffers from problems of democratic failure but also, more importantly, may not be a viable institutional alternative in many poor countries due to the very constraints Easterly highlights. Some countries might actually be 'better off stateless' (Leeson 2007). By providing this perspective, Easterly might spark a debate between democratic versus self-governing capitalism—a debate that might otherwise never happen.

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