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Autonomy-Compatible Assistance: Old Wisdom for Development Studies

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Abstract:

Background: Development assistance is bedeviled by a fundamental conundrum: how can external helpers supply help that genuinely promotes, rather than overrides or undercuts, the capacity of recipients to help themselves?

Objective: This paper identifies two structurally distinct forms of "unhelpful help" that often occur in practice.

Methods: Too much of today's development literature is chasing fads, e.g., random controlled tests, and not absorbing the development wisdom that has accumulated over the decades. This paper tries to reverse that trend by focusing some of the old wisdom from development theory and adjacent fields.

Result: The first is social engineering — the imposition of conditionalities and blueprints that override the doers' own motivation and thereby produce reforms that are neither well implemented nor sustained. The second is benevolent aid — the chronic provision of resources that inadvertently rewards dependency and erodes the incentives for self-reliance, generating what may be termed a generalized moral hazard in the development enterprise.

Conclusion: Together these represent the Scylla and Charybdis of the field, and the gap between their rhetorical rejection and their practical persistence is one of its most stubborn features. Conclusion: Against this background the paper develops a framework for autonomy-respecting assistance built on two positive principles: starting from where the doers are, engaging with existing institutions rather than attempting to install ideal ones wholesale; and seeing the world through the doers' eyes, adopting the empathetic, client-centered stance described by Dewey, Hirschman, and Freire. Drawing on Albert Hirschman's model of unbalanced growth, the paper argues that effective assistance finds and strengthens endogenous motivation where it already exists, uses resources as a background enabler rather than a leading edge, and builds learning capacity through a Socratic rather than a didactic relationship. The resulting indirect approach cannot guarantee development, but it represents a particularly coherent form of assistance consistent with the goal of autonomous self-development.

Contribution: This article advances an autonomy-respecting development assistance framework grounded in an indirect approach that leverages endogenous motivation, empathy, and existing institutions, while critiquing conditional social engineering and dependency-inducing benevolent aid by reviving classic insights in development studies.

Keywords: development assistance; autonomy; self-help; conditionality; social engineering; benevolent aid; moral hazard; capacity-building; indirect approach; helper-doer relationship; intrinsic motivation; unbalanced growth; Hirschman, Dewey.

INTRODUCTION AND OVERVIEW

Development Assistance as Helping People Help Themselves

The purpose of this conceptual philosophical paper is to analyze the old strategies for technical cooperation, capacity-building and, in broader terms, development assistance in a way that will inform new strategies. It is not an empirical paper offering new data points as if the conceptual framework of development studies was in order. We try to resurrect old wisdom, not promote new fads, e.g., random controlled tests.

It is a very old idea that the best form of assistance is to *help people help themselves*. We are all familiar with the ancient Chinese saying that if you give people fish, you feed them for a day, but if you teach them how to fish—or rather, if you help them learn how to fish—they can feed themselves for a lifetime.[1]

The Helper-Doer Relationship

To begin by establishing some concepts and terminology: Development assistance is analyzed as a relationship between those offering assistance in some form, the helper or helpers, and those receiving the assistance, the doer or doers.[2] The helpers could be individuals, NGOs, or official bilateral or multilateral development agencies, and the doers could be individuals, organizations or various levels of government in the developing countries. The relationship is the helper-doer relationship.

The Fundamental Conundrum of Development Assistance

The assumed goal is transformation towards autonomous development on the part of the doers, with the doers helping themselves. The problem is how can the helpers supply help that actually furthers rather than overrides or undercuts the goal of the doers helping themselves? This is actually a paradox: If the helpers are supplying help that is important to the doers, then how can the doers really be helping themselves? Autonomy cannot be externally supplied. And if the doers are to become autonomous, then what is the role of the external helpers? This paradox of supplying help to self-help, "assisted self-

[1] In Pierre-Claver Damiba's "Foreword" to Berg (1993): "Improved policy-making and better economic management—and *self-reliance* in these matters—are the central objectives of technical cooperation" (emphasis added).

[2] Doing includes thinking; "doer" is not juxtaposed to "thinker." Instead, the "doers of development" (Wolfensohn, 1999) actively undertaking tasks are juxtaposed to the passive recipients of aid, teaching or technical assistance.

reliance"[3] or assisted autonomy, is the *fundamental conundrum* of development assistance. Over the years, the debates about aid, assistance and capacity-building keep circling around and around it.

My aim is not to provide a new blueprint for development assistance but to point the way for new strategies by trying to deepen the understanding of this basic conundrum and the kinds of "unhelpful help" that reduce the effectiveness of so much technical cooperation and other forms of development assistance.

Unhelpful Help

There are many strategies for development assistance that may supply help in some form but actually do not help people help themselves. The forms of help that override or undercut people's capacity to help themselves will be called "unhelpful help."[4]

There are essentially two ways that the helper's will can supplant the doer's will to thwart autonomy and self-help:

1. The helper, by social engineering, deliberately tries to impose his will on the doer; or
2. The helper, by benevolent aid, replaces the doer's will with her will, perhaps inadvertently.

"Override" or "undercut" are shorthand terms for these two conceptually distinct yin-and-yang forms of unhelpful help (which may be combined, as when benevolence hides the desire to control).

Unhelpful Help #1: Social Engineering

The overriding form of unhelpful help is a type of social engineering. The helpers supply a set of instructions or conditionalities about what the doers should be doing. They also offer motivation to follow this blueprint through various forms of aid to override the doers' own motivations. If we use the metaphor of the doers as trying to work their way through a maze, then the helpers as social engineers perceive themselves as helicoptering

[3] The phrase is from Uphoff, Esman and Krishna (1998). David Korten terms it the "central paradox of social development: the need to exert influence over people for the purpose of building their capacity to control their own lives" (1983, 220). See also Chapter 8 of Fisher (1993) on the "central paradox of social development."

[4] For related notions, see Gronemeyer (1992) on "help (that) does not help" and Ivan Illich's notion of "counterproductivity" (1978).

over the maze, seeing the path to the goal, and supplying instructions (knowledge) along with carrots and sticks (incentives) to override the doers' own motivation and push the doers in the right direction.

The alternative to providing motivation is to give some resources (perhaps with a strong matching requirement) to enable the doers to undertake development projects and programs that they were already motivated to do on their own.[5]

Unhelpful Help #2: Benevolent Aid

The second form of unhelpful help occurs when the helper undercuts self-help by inadvertently supplying the motivation for the doer to be in or remain in a condition to receive help. One prominent example of this is long-term charitable relief. The world is awash with disaster situations that call for various forms of short-term charitable relief. The point is not to oppose these operations but to point out how charitable relief operates in the longer term to erode the doers' incentives to help themselves—and thus creates a dependency relationship. In this sense, charitable relief in the longer term is an undercutting form of unhelpful help.

All aid to adults based on the simple condition of needing aid risks displacing the causality. The working assumption is that the condition of needing aid was externally imposed (e.g., a natural disaster); the aid recipient shares no responsibility. But over the course of time, such aid tends to undermine this assumption as the aid becomes a reward for staying in the state of needing aid,[6] all of which creates dependency and learned helplessness. Thus relief becomes the unhelpful help that undermines self-help.

It would be hard to overstate the problem this poses for today's development industry. Official development assistance is shot through with practices that can charitably be seen as constituting charitable relief.[7] Relief to those who can help themselves needs to be time-bound and, above all, separated as if by a Chinese wall from the promotion of development.

[5] The inability to engineer intrinsic motivation harks back to Socrates' point about the unteachability of virtue.

[6] See Murray (1984) or Ellwood (1988) on the "helping conundrums."

[7] I said "charitably be seen" because many protests against the major development agencies see the agencies as pursuing political or even corporate goals. Without gainsaying the protests, my point is different. Even if the agencies are pursuing pure-hearted charitable relief, that itself cuts across and conflicts with the longer-term developmental goals of the agencies. And, unfortunately, many of the protests seem driven by the goal that the development agencies *should* pursue more pure-hearted charitable relief.

The Scylla and Charybdis of Development Assistance

The benevolent impulse to give charitable relief and the enlightened impulse to do social engineering are the Scylla and Charybdis of development assistance. Several major difficulties lie in the path of adopting and implementing new strategies of assistance based on the idea of the transformation of capacities in the direction of self-help and autonomous development. The first difficulty to be overcome—the *pons asinorum* to be crossed—is the simple recognition of the pitfalls of social engineering on the one hand and of benevolent aid on the other hand.

Again and again, one finds social engineering blueprints to "do X" being defended on the grounds that the doers should indeed do X. But there seems to be little or no real recognition that if the doers do X only to satisfy conditionalities and thus receive aid, then the motive will falsify the action, the reforms will not be well implemented, and the policy changes will not be sustained. Hence all the arguments about the beneficial nature of doing X miss the point. Paraphrasing Kierkegaard, it is not so much the "what" of reform that counts but the "how" of reform, if the reform is to take root and be sustainable.[8]

And again and again, one finds benevolent aid being defended as doing good in the sense of delivering resources to the poor without any real recognition as to how this undercuts the incentives for developing self-reliance. All the arguments about the relief being "help" miss the point. It is an unhelpful form of help that in the longer term undercuts capacity-building and autonomous development.

The other major difficulty to be overcome is the gap between rhetoric and reality. Development agencies are quite adept at adopting the language of being against charity and blueprint-driven social engineering, and being in favor of helping people help themselves. The challenge is that it is a rather subtle matter to overcome the basic conundrum and supply help in a way that does not override or undercut the development of the capacity for self-help. Yet reborn managers in restructured agencies regularly use recycled rhetoric to launch reconfigured programs in social engineering or charitable relief or both.

[8] "All ironic observing is a matter of continually paying attention to the 'how,' whereas the honorable gentleman with whom the ironist has the honor of dealing pays attention only to the 'what'" (Kierkegaard, 1992, 614). For a more recent critique of conditionality-based reforms, see *Assessing Aid* (World Bank, 1998).

METHOD

Based on a decade in the World Bank, including as Senior Advisor to the Chief Economist, Joseph Stiglitz, I have become convinced that too much of the "old wisdom" about development is not carried forward and, instead, we have fad chasing as if the latest hot topic was sufficient to make development assistance more effective. I have focused not only on some of the wisdom from previous development theory, e.g., Albert Hirschman, but on relevant insights from adjacent fields.

THE FIRST DON'T: DON'T OVERRIDE SELF-HELP CAPACITY WITH CONDITIONAL AID

The Mental Imagery of the Expert Surgical Intervention

One major source of social engineering[9] programs is the mental imagery or "development narrative" of the expert helper who performs the surgical operation that restores the patient to health, a health that is thereafter self-reinforcing. If the patient were able to cure himself, then the operation would not be necessary. But, realities being what they are, the helper must take control to ensure success and must supply the motivation for the doer to undergo the operation. Afterwards, with health restored, the doer can go his own way.

A variation on this narrative is where the expert helper makes a surgical intervention to install a new and improved way of doing things, accompanied by technical training for the counterpart doer. The doer will absorb the required know-how and, seeing the benefits, the reforms will be sustained on their own.

This question is complicated by the fact that there are some cases where such expert interventions might work well—and then the success in these cases prompts the development industry optimistically to extend the strategy to the vast majority of cases, where it is quite inappropriate. For instance, there are certain stroke-of-the-pen or *pro forma* reforms, such as striking down a tariff, tax or licensing requirement, which might be implemented to satisfy a conditionality and thereby to receive aid. Once a tax is surgically removed, the tax-payers will readily comply so, in that sense, the socially engineered intervention will be effective. But these cases are the exception, not the rule.

[9] In terms of professions, social engineering is now sponsored largely by economics, not classical engineering.

The Spectrum of Institutional Reforms

Auturo Israel (1987) envisaged a spectrum of institutional reforms where the reforms were ranked in terms of specificity. At one end of the spectrum are the highly specific stroke-of-the-pen reforms that can be socially engineered. At the other end are the highly non-specific institutional reforms such as the rule of law, the ethos of fulfilling contracts and paying back loans, the fair adjudication of disputes and the general shift to the private sector market mentality.

Particularly vexing are those reforms that are like icebergs, with a specific stroke-of-the-pen reform showing above the water and a massive below-the-water change in behavior (which involves attitudes, norms and culture) needed to implement the reform. Again and again, above-the-water reforms are engineered with strong conditionalities enforced by output-based aid geared to the passage of laws. Years later, the reforms are discovered to be ineffective due to the lack of below-the-water changes in behavior. Instead of learning how the below-the-water changes actually take place and making a fundamental shift in development strategy away from social engineering, the economics-engineering frame of mind is constantly rededicating itself to better indicators of outputs upon which to base tougher conditionalities for new and improved output-based aid.

The Indirect Approach

John Dewey was among those who developed the indirect approach most fully, both in educational theory and in broader social affairs. He cautioned against conflating physical compulsion with genuine influence:

> We are even likely to take the influence of superior force for control, forgetting that while we may lead a horse to water we cannot make him drink; and that while we can shut a man up in a penitentiary we cannot make him penitent.… When we confuse a physical with an educative result, we always lose the chance of enlisting the person's own participating disposition in getting the result desired, and thereby of developing within him an intrinsic and persisting direction in the right way. (Dewey, 1916, 26–27).

He was equally clear about the general principle for helping people help themselves:

> The best kind of help to others, whenever possible, is indirect, and consists in such modifications of the conditions of life, of the general level of subsistence, as enables them independently to help themselves (Dewey and Tufts, 1908, 390).

The notion of autonomous development provides the clue to a new approach. Autonomous action is based on intrinsic motivation. Any action based on the externally supplied motivation of carrots and sticks is heteronomous. Any attempt to engineer autonomous action with external carrots or sticks would be self-defeating; the means are inconsistent with the motive and thus defeat the end.

The overriding impulse of the direct approach is to supply motivation; the indirect approach instead finds the existing intrinsic motivation of the doers and offers help on that basis. If social engineering schemes don't work (outside a few special cases), then what is the blueprint and where is the motivation for the alternative? This question is ill-posed. The alternative is not having a different blueprint, but having an active and adaptive learning approach instead of a blueprint approach.

The philosopher Gilbert Ryle gave a particularly clear statement of the same fundamental conundrum in the context of education. He asked how, in logic, anyone can be taught to do untaught things—how one person can teach another to think for himself, since if the teacher gives the pupil new thoughts, they are not the pupil's own thoughts; or if they are the pupil's own thoughts, then he did not get them from the teacher (Ryle, 1967, 105 and 112). Ryle's answer was a motive-inconsistency argument: "How can the teacher be the initiator of the pupil's initiatives? The answer is obvious. He cannot. I cannot compel the horse to drink thirstily. I cannot coerce Tommy into doing spontaneous things. Either he is not coerced, or they are not spontaneous…" (Ryle, 1967, 112). The "crude, semi-hydraulic idea" of teaching as pumping facts into pupils' ears is as mistaken as a general model of teaching as socially engineered stroke-of-the-pen reforms are as a general model of institutional change (Ryle, 1967, 118).

The key is for the doers to embark on projects or programs motivated by themselves. Thus, money *cannot* be the leading edge of the helpers' assistance. The direct link between money and motivation must be broken.[10] Money can only play a role as a secondary or background enabler for what the doers *independently* want to do. Development transformation cannot be bought, but where it is afoot on its own there will

[10] For a consumer, a subsidy only on certain goods skews motivation, while a lump-sum subsidy may allow one to buy what one already wanted to buy. Similarly, aid conditional on certain actions skews motivation, whereas pooled aid and similar sector-wide approaches break the link with specific donor sponsored actions and may enable the doers to do what they were *already* motivated to do. The doers' activities, motivated by themselves, might be to launch raids on their neighbors or to launch real reforms. The helpers need to judge independently if these activities should be enabled.

be costs of change that could be partly covered by development assistance agencies. Where, however, aid money takes the lead, it will distort the dynamics and will end up essentially paying the costs of not changing.

The vision of helper as Socratic midwife captures the spirit of the indirect approach. Socrates displayed the humility of knowing that he did not know. He did not put learners in a passive role but helped them actively to answer questions and resolve problems. As one commentator summarizes,

> Real education aims at imparting knowledge rather than opinion, that knowledge cannot be handed over ready-made but has to be appropriated by the knower, that appropriation is possible only through one's own search, and that to make him aware of his ignorance is to start a man on the search for knowledge—these are the considerations that govern and determine the Socratic method of teaching. (Versényi, 1963, 117).

As these thinkers converge in suggesting, the helper-as-midwife facilitates the doer taking the active role rather than filling it. George Bernard Shaw put the point with characteristic sharpness: "If you teach a man anything he will never learn it" (1961, 174). Douglas McGregor drew the same conclusion for management: "Fundamentally the staff man must create a situation in which members of management can learn, rather than one in which they are taught" (1966, 161). José Ortega y Gasset suggested: "He who wants to teach a truth should place us in the position to discover it ourselves" (1961, 67). And Myles Horton, founder of the Highlander Folk School, put it most plainly: "You don't just tell people something; you find a way to use situations to educate them so that they can learn to figure things out themselves" (1998, 122).

Since intrinsic motivation cannot be based on external carrots and sticks, the helpers cannot *supply* this motivation ("virtue") to the doers; they can only *find* it. Yet aid-seeking doers will nonetheless try to fake or mimic intrinsic motivation for real reforms, so the helpers face a difficult task of judgment. But the difficulties of judgment are little in comparison with the pressures to "move the money" in the lender and donor agencies. One would expect large Type II errors (i.e., accepting faux-motive projects), particularly as the aid-seeking doers evolve better means of mimicry and the money-moving helpers supply more corroboration for the theory of cognitive dissonance (i.e., judgment bending to be more consonant with self-interest).[11] Thus there is grave doubt that any agency with an organizational business plan based on providing aid by moving money could

[11] See "Problems Encountered in Buying Virtue through Aid" in Hirschman (1971, 205-7).

implement an autonomy-respecting indirect approach to development assistance . To lessen Type II errors, the agency must be able to say, "No."

THE SECOND DON'T: DON'T UNDERCUT SELF-HELP CAPACITY WITH BENEVOLENT AID

The Mental Imagery of Relief and Gap-Filling Aid

One major source of encouragement for disguising benevolent aid as development assistance is the mental imagery of aid that allows doers to get back on their feet after some externally caused calamity so that they can thereafter help themselves. A second scenario is that given a genuine self-help project with a resource-gap, the gap-filling aid enables the self-help project to go forward.

These marvelous images might actually come true in a few cases, but it would be inappropriate to take them as a general model for development assistance. In each case, there is the time-consistency problem that the continuing offer of aid tends to make the motivation aid-driven. In the case of disaster relief, the continuing offer of aid takes the sting out of staying in a needful condition. While the needful condition was initially exogenous or independent of aid, staying in that condition may become a means for getting more aid. In the second case of gap-filling aid, the continuing offer of aid leads to projects based partly on the incentive of the aid offer. Instead of self-help projects that were initially afoot on their own, doers may create aid-seeking projects camouflaged in a rhetoric of self-help.

In short, whenever money becomes the leading edge of assistance, then the supply of aid seems to create and perpetuate the demand for it—which might be labeled Say's Law of Development Aid.[12] Aid that might in a few cases be autonomy-respecting ends up chasing its own tail by funding needs or projects induced by the offer of aid—all to the detriment of building self-help capacity. What starts as a benevolent impulse thus becomes one of the major problems in the postwar effort towards capacity-building and development. Organizational reforms in the development agencies will need to separate development assistance from benevolent aid—as if by a Chinese wall.

[12] The original Say's Law in economics is usually paraphrased as: "Supply creates its own demand."

The Example of Social Funds

This problem is illustrated by the debate about social funds (e.g., Tendler, 2000), which seems to recapitulate some forms of North-South unhelpful help at the community level. Social funds (SFs) have been something of a policy fad; they are often described using the imagery of promoting self-help with gap-filling aid. The funds are typically set up by national governments to deliver quickly resources to poor people, bypassing the regional and local governments. They are funded by grants from donors or by hard currency loans with a payback beyond the political horizon of the central government. One of their main activities is to make grants (or near-grants with small matching requirements) to fund small infrastructure projects. Lenders and donors tend to like the social funds since they move the money with tangible outcomes (more schools, tube wells, health clinics, warehouses and so forth), which in turn rewards the benevolent impulse in the lender and donor agencies.

The problem is that social funds are more instruments of relief in the sense of "quickly delivering fish to poor and hungry people," rather than instruments of capacity-building and development in the sense of "helping poor people learn how to fish for themselves." There is disagreement less about the facts than about the choices between short-term aid and long-term capacity-building.

By using a new, separate and clean organization of the central government, supporters argue that SFs circumvent unresponsive, incompetent and perhaps corrupt regional and local governments to help quickly satisfy the needs of poor people. Critics see the same reality as central government largess buying or rewarding local support, as an elite special agency (often outside the civil service) attracting good talent out of the ministries, and as a bypass of sustainable reforms and capacity-building in the lower levels of government. Since no one argues that SFs should actually replace local and regional governments, the net result is a plus for short-term relief and a minus for long-term government reform.

Supporters see the process of local people choosing their preferred local infrastructure project from a menu funded by the social fund as being bottom-up, demand-driven community empowerment. Critics see the same reality and argue that local people soliciting and receiving largess from an agency funded by and solely accountable to the central government is more top-down paternalism than bottom-up community empowerment. Eliciting demand for grant-funded projects is hardly demand-

driven in the sense of projects that are afoot on their own (i.e., with doers covering enough of the costs to ensure that they wanted to do the project anyway). Empowering people to buy outcomes with an external grant is rather different from building the community's own capacity to reach those outcomes in a fiscally sustainable manner. Thus the social fund debate provides an illuminating example of how Orwellian the rhetoric can become, and how phrases like "bottom-up," "demand-driven" and "community empowerment" can be used to describe almost the opposite reality.

Social funds, like all good policy fads, seem to have self-reinforcing loops that keep them rolling. To close these loops, the funds need to be evaluated. Supporters argue that they have done the research and have the impact evaluations to show that SFs have a good impact. Critics argue firstly that impact evaluations are independent of cost. A true *project* evaluation would have to look at whether the impact was obtained with US $10 or $10 million. Secondly, the impact evaluations compare communities that receive social fund grants with otherwise similar counterfactual communities that receive no grants. Not surprisingly, the studies tend to show that the communities that receive the funds have better facilities (more "impact") than the communities that don't receive funds. Sometimes the difference is not that significant, but the real point is that a well-specified counterfactual would be a community that had the *same* resources available for the best alternative approach to community development (e.g., see the 18 cases of assisted self-reliance in Krishna et al., 1997).

Relief Assistance as Generalized Moral Hazard

The First Don't deals with social engineering as a form of unhelpful help that overrides (hopefully temporarily) any self-help capacity in order to get the doers to do the right thing. The Second Don't concerns benevolent aid that, unless very temporary, will tend to undermine the capacity for self-help. Sometimes aid is sought by a country because of a self-perceived lack of efficacy. Aid granted out of benevolence, even without carrots and sticks, has the adverse effect of reinforcing the lack of self-confidence and doubts about one's own efficacy. Eleemosynary aid to relieve the symptoms of poverty may create a situation of moral hazard that weakens reform incentives and attenuates efforts for positive change to eliminate poverty (see Maren, 1997). Such aid "*tends to render others dependent*, and thus contradicts its own professed aim: the helping of others" (Dewey and Tufts, 1908, 387). The Two Don'ts are interrelated when

dependency-creating aid leaves the doers vulnerable to more social engineering control as well as more charity in a vicious circle that drives them away from autonomous development.[13]

Dewey's critique of benevolent help reinforces these concerns. Inspired by Jane Addams' critique of George Pullman's paternalism in her essay "A Modern Lear" (Addams, 1965)—which Dewey called "one of the greatest things I ever read both as to its form and its ethical philosophy" (quoted by Lasch in Addams, 1965, 176)—Dewey distinguished sharply between a genuine interest in the welfare of others and the desire to render them dependent objects of charitable benevolence.

According to Robert Westbrook, Dewey held that self-realization was a do-it-yourself project; a true interest in others lay in a desire to expand their autonomous activity, not to confer good things upon them (Westbrook, 1991, 46–47). Dewey himself traced the problem to a deep inheritance:

> The conception of conferring the good upon others, or at least attaining it for them… is so deeply embodied in religious, political, and charitable institutions and in moral teachings, that it dies hard. Many a man, feeling himself justified by the social character of his ultimate aim… is genuinely confused or exasperated by the increasing antagonism and resentment which he evokes, because he has not enlisted in his pursuit of the 'common' end the freely cooperative activities of others. (Dewey and Tufts, 1908, 303–4).

Development assistance as benevolent aid, in short, does not help people help themselves and may even produce antagonism and resentment—baffling to those who derive moral satisfaction from doing good. As Dewey concluded, to "make others happy" except through liberating their powers and engaging them in activities that enlarge the meaning of life is to harm them and to indulge ourselves under the guise of special virtue; the truly "social" act is to foster conditions that widen the horizon of others and give them command of their own powers, so that they can find their own happiness in their own fashion (Dewey, 1957, 270). Christopher Lasch developed related themes in his contrast of the "ethic of respect" with the "ethic of compassion" (Lasch, 1995).

Moral hazard refers to the phenomenon where excessive insurance relieves the insured from taking normal precautions so risky behavior might be increased. The phrase is applied generally to opportunistic actions undertaken because some arrangement has

[13] See the "shifting the burden" to the helper as the "generic dynamics of addiction" in Senge (1990, 104-113).

relieved the doers from bearing the full responsibility for their actions. Benevolent help softens the incentives for people to help themselves.

In the insurance example, the limit case of no insurance (which means complete self-insurance) certainly solves the problem of moral hazard since the individual then has a full incentive to take precautions to prevent accidents. Yet the no-insurance option forgoes the benefits of insurance. There is no first-best solution of complete insurance without moral hazard, but there are partial solutions in the form of co-payments and deductibles so that the insured party retains some risk and thus some incentive to take normal precautions.

In a similar manner, the conservative approach of no assistance could be seen as the "tough love" limit case. It certainly solves the problem of softened incentives for self-help, but it foregoes forms of positive assistance that might be compatible with autonomy. The idea of co-payments carries over to the idea of non-trivial matching funds from the doers as a commitment mechanism to show that they are dedicated on their own account to the programs.[14] The idea of deductibles carries over to the concept of second-stage funding, where the doers show commitment by funding the first stage of a program on their own.

This problem suggests the possibility that the post-World War II development assistance effort from the developed countries to the developing world has created a massive generalized moral hazard problem. Among development economists, Peter Bauer (1976 and 1981) has developed these arguments about aid with particular force. William Easterly (2001) has summarized the empirical results that, on the whole, document the lack of success in the last half century of development assistance based on various combinations of social engineering and benevolent aid.

Surely one bright spot was the Marshall Plan, which, in many ways, provided a model for later development efforts. Yet it also contained the seeds of moral hazard. Robert Marjolin, the French architect of the Marshall Plan, noted in a 1952 memo that American aid continuing over a longer term could have precisely that effect:

> Although American aid has been a necessary remedy over a period, and will continue to be for a time, one is bound to acknowledge that in the long run it has had dangerous psychological and political effects.... It is making more difficult the task of the governments of Western Europe trying to bring about a thorough economic and financial rehabilitation. The idea that it is always possible to call on

[14] A program like the Africa Management Services Company [see www.amsco.org], initiated by UNDP, AfDB, and IFC, that provides help by only topping off doer-supplied funds would be enabling without engendering faux-motive projects.

> American aid, that here is the ever-present cure for external payments deficits, is a factor destructive of willpower. It is difficult to hope that, while this recourse continues to exist, the nations of Western Europe will apply, for a sufficient length of time, the courageous economic and financial policy that will enable them to meet their needs from their own resources without the contribution of external aid (quoted in Marjolin, 1989, 241).

However, the demands of the Korean War and the lack of a permanent aid bureaucracy resulted in the winding down of American aid. If the industrial countries of Western Europe faced moral hazard problems in the short-lived Marshall Plan, one can only begin to fathom the extent of the moral hazard problem in developing countries that face well-established professional aid-providers in the developed countries who constantly reinvent ways to move the money.

Money is a mixed blessing—to the extent that it is a blessing at all in development assistance. As long as money continues to be the leading edge of development assistance,[15] then the problems of moral hazard will only be compounded.

THE TWO DOS

The First Do: Start from Where the Doers Are

The *via negativa* of the Two Don'ts needs to be supplemented by Two Dos that can help guide a more autonomy-respecting approach to development assistance. To be transformative, a process of change must start from and engage with the present endowment of institutions. Otherwise, the process will only create an overlay of new behaviors that is not sustainable (without continual bribes or coercion).

Yet this is a common error. Reformers oriented towards utopian social engineering (see Popper, 1962) aim to wipe the slate clean in order to install a set of ideal institutions. Any attempt to transform the existing flawed, retrograde or even evil institutions is viewed as only staining or polluting the change process. For instance, in the transitional economies such as Russia, the "leap over the chasm" imposed by institutional shock therapy fell far short of the other side, since people "need a bridge to cross from their own experience to a new way" (Alinsky, 1971, xxi). It will take the country much longer to climb out of the chasm than it would have taken if a bridge over the chasm had been built step by step.

[15] One sees the evidence every day in calls by leaders of the development industry to address this or that development problem with US $X billions more in funding—rather than undertaking the difficult and subtle reforms for a more effective approach where money has a background role.

Similar considerations support the argument for an evolutionary and incremental strategy in poor countries rather than trying to jump to new institutions.

> The primary causes of extreme poverty are immaterial, they lie in certain deficiencies in education, organization and discipline…. Here lies the reason why development cannot be an act of creation, why it cannot be ordered, bought, comprehensively planned: why it requires a process of evolution. Education does not "jump"; it is a gradual process of great subtlety. Organization does not "jump"; it must gradually evolve to fit changing circumstances. And much the same goes for discipline. All three must evolve step by step, and the foremost task of development policy must be to speed this evolution (Schumacher, 1973, 168-169).

Given a choice between helpers using the momentum of bottom-up involvement in "flawed" reforms and the top-down social engineering of "model" institutions, the start-from-where-the-doers-are principle (the First Do) argues for the former.[16]

The Second Do: See the World Through the Doers' Eyes

If a social engineer could perform an "institutional lobotomy" to erase present institutional habits, then development advice would not need to be tailored to present circumstances. Generic advice would suffice; one message would fit all blank slates. But failing that, it is necessary to acquire a deeper knowledge of the present institutions. This is done by, in effect, learning to see the world through the eyes of the policy-makers and people in the country. "The change agent must psychologically zip him or herself into the clients' skins, and see their situation through their eyes" (Rogers, 1983, 316).

An interaction between teacher and learner that is compatible with autonomy requires that the teacher have an empathetic understanding with the student. If the teacher can understand the learning experience of the student, then the teacher can use his or her superior knowledge to help the student. This help does not take the form of telling the student the answer or solution, but of offering advice or guidance, perhaps away from a dead-end path, to assist the student in the active appropriation of knowledge. The teacher, according to Dewey's learner-centered pedagogy, must be able to see the world through the eyes of the students and within the limits of their experience, and at the same time apply the adult's viewpoint to offer guideposts. Similarly, in Carl

[16] Applied to technical cooperation, it would be better for the helpers to train local doers to do the job—even if locals do it poorly at first, so long as there is a learning mechanism—than for the helpers to do the job well but with little or no local capacity-building. Sometimes the best form of training is for the helper to broker horizontal learning between the doers and those who have already successfully done a job under similar circumstances.

Rogers' notion of client-centered therapy (1951), the counselor needs to enter the "internal frame of reference of the client" in order to give assistance that respects and relies upon the actual capacity of the person.[17]

In describing the process of an aid agency trying to help a developing country, Albert Hirschman recommends a process of familiarization—of walking in their shoes and looking through their eyes at the array of problems facing the country.

> Little by little, after getting committed and "seeing," that is, learning about the country's problems, some hypotheses should emerge about the sequence in which a country is likely to attack successfully the multifarious obstacles. In the search for the best hypothesis, those who administer aid programmes should use what Dr. Carl Rogers, the psychotherapist, calls "client-centered therapy" (Hirschman, 1971, 185).

In the context of adult transformation, how does the educator/investigator find out about the client-student's world? One way is through Paulo Freire's notion of dialogue. In the non-dialogical approach to education, the teacher determines the appropriate messages to be delivered or "deposited" in the students, as money is deposited in a bank. Instead of ready-made best-practice recipes, Freire, like Dewey, saw the educational mission as based on posing problems, particularly those stemming from the learners' world:

> In contrast with the anti-dialogical and non-communicative "deposits" of the banking method of education, the programme content of the problem-posing method—dialogical par excellence—is constituted and organized by the students' view of the world, where their own generative themes are found (Freire, 1970, 101).

Yet often to development "professionals, it seems absurd to consider the necessity of respecting the 'view of the world' held by the people" (Freire, 1970, 153-154).

ALBERT HIRSCHMAN'S MODEL OF UNBALANCED GROWTH

Within development theory, the best exposition of the alternative indirect approach (including the Two Dos and Two Don'ts) is the still-classic work of Albert Hirschman. I previously used the image of the social engineer helicoptering over a maze giving both instructions and motivation to the doers in the maze to do the right thing. In the context of Hirschman's work, the social engineer was the development planner designing an

[17] Maurice Friedman emphasizes the importance of seeing through the eyes of the other in Buber's notion of dialogue. "The essential element of genuine dialogue...is 'seeing the other' or 'experiencing the other side'" (Friedman, 1960, 87).

integrated development plan of balanced growth for a country to make the big push out of the low-level traps and to take-off on the path of self-sustained growth. But the planners have neither the knowledge nor the motivational powers for such plans to be implemented.

Instead of having a clear view of the path out of the maze, social engineers often have preconceived plans based on economic theory. Hirschman provides an example from his own experience as a development adviser in Colombia:

> But word soon came from World Bank headquarters that I was principally expected to take…the initiative in formulating some ambitious economic development plan that would spell out investments, domestic savings, growth and foreign aid targets for the Colombian economy over the next few years. All of this was alleged to be quite simple for experts mastering the new programming technique: Apparently there now existed adequate knowledge, even without close study of local surroundings, of the likely ranges of…all the key figures needed….
>
> My instinct was to try to understand better *their* patterns of action, rather than assume from the outset that they could only be "developed" by importing a set of techniques they knew nothing about (Hirschman, 1984, 90-91).

Instead of preconceived blueprints, a local learning process was necessary. Hirschman has often noted the problems created in developing countries by the tendency that Flaubert ridiculed as *la rage de vouloir conclure* or the rage to conclude (see Hirschman, 1973, 238-40). And the same attitude is common in development agencies. Indeed, there is a self-reinforcing lock-in between developing countries that *want* "The Answer" and development agencies that *have* "The Answer."

> (Policy-makers) will be supplied with a great many ideas, suggestions, plans, and ideologies, frequently of foreign origin or based on foreign experience…. Genuine learning about the problem will sometimes be prevented not only by the local policy-makers' eagerness to jump to a ready-made solution, but also by the insistent offer of help and advice on the part of powerful outsiders…. (S)uch practices (will) tend to cut short that "long confrontation between man and a situation" (Camus) so fruitful for the achievement of genuine progress in problem-solving (Hirschman, 1973, 239-240).

In addition to replacing imported blueprints with a local learning process, an alternative indirect approach also has to find a substitute for the external carrots and sticks that drive programs in the social engineering vision—a "picture of programme aid as a catalyst for virtuous policies (that) belongs to the realm of rhapsodic phantasy" (Hirschman, 1971, 205). Instead of supplying exogenous motivation for a faux-virtuous

reform, the idea is to *find* in the small where "virtue appears of its own accord" (Hirschman, 1971, 204) and then to recognize and strengthen it.

Endogenous motivation for change is based on problem-solving. Not all problems can be attacked at once so attention and aid is first focused on the sectors or localities where some of the preconditions are in place and where problem-solving initiative is afoot on its own. The initial small successes will then create pressures through the forward and backward linkages to foster learning and change that is nearby in sectoral or regional terms. The successes, when broadcast through horizontal learning to those facing similar problems, will start to break down the paralyzing beliefs that nothing can be done and will thus fuel broader initiatives that take the early wins as their benchmark. Unlike a model that assumes large-scale organized social action on the balanced-growth model, directed by the government under the pressure of external conditionalities, the parties in Hirschman's unbalanced growth model, like the pieces on Adam Smith's human chessboard,[18] are responding to local endogenous pressures and inducements from their economic partners or to opportunities revealed by others in a similar position.

One thing leads to, induces, elicits or entrains another thing through chains of "tensions, disproportions and disequilibria" (Hirschman, 1961, 66). Hirschman at one point refers to the principle of unbalanced growth as "the idea of maximizing induced decision-making" (1994, 278). The problem-solving pressures induced by unbalanced growth will call forth otherwise unused resources and enlist otherwise untapped energies. As a project or program moves from one bottleneck and crisis to another (in comparison with the smooth, planned allocation of resources), then "resources and abilities that are hidden, scattered or badly utilized" (1961, 5) will be mobilized.

CONCLUSION: THE TWO PATHS

After a three-quarters-century of official development assistance, we still find ourselves wandering in a dark wood. But starting from the fundamental conundrum of helping people to help themselves, it is becoming clear that there are two divergent paths.

[18] "The man of system…seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chessboard; he does not consider that the pieces upon the chessboard have no other principle of motion besides that which the hand impresses upon them; but that, in the great chessboard of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon it" (Smith, 1969 (1759), 342-3).

The well-worn path is the direct approach of conventional money-based and knowledge-based aid. If the goal is to help the doers of development to help themselves, then I have argued that the direct path tends to override (with conditional aid) or undercut (with benevolent aid) the doers' capacity for self-help.

Perhaps it is time to consider the less-trodden path of the indirect approach, which emphasizes forms of assistance based on respect for the autonomy of the doers. Initial steps on the indirect path were described with the Two Dos: Start from where the doers are and see the world through their eyes. Perhaps it would be useful to have a Third Do as an overall description of the indirect approach: Respect the autonomy of the doers.[19]

On the direct path, the helper helps the doers by supplying distorted motivation (conditional aid) and "managed" knowledge (*ex cathedra* answers buttressed by one-sided research and public relations campaigns) to get the doers to do what the helpers take as the right thing. On the indirect path, which respects autonomy, the helper helps the doers to help themselves by supplying not motivation but perhaps some resources to enable the doers to do what the doers were already motivated to do themselves. On the knowledge side, the helper who respects autonomy supplies not answers but helps in a Socratic manner to build learning capacity (e.g., by enabling doers' access to unbiased information and developing their ability to hear all sides of an argument) that allows the doers to learn from whatever source in a self-directed learning process.

Direct methods can help others, but they tend not to help others to help themselves. That requires autonomy-respecting indirect methods on the part of the helpers and autonomous self-activity on the part of the doers. Doers need not only to participate but also to be in the driver's seat in order to make their actions and learnings their own. It is the psychological version of the old principle that people have a natural ownership of the fruits of their own labor. The helpers can use indirect and enabling approaches to provide background assistance. But the doers have to take the initiative and then keep it from being overridden or undercut by external aid. And then they will be the doers of their own development.

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[19] See Ellerman (2005) for a treatment of the Two Don'ts and Three Dos in the works of Hirschman, Schumacher, McGregor, Dewey, Freire, Alinsky, Rogers and Kierkegaard.

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