

BOOK REVIEW

DOING BAD BY DOING GOOD: WHY HUMANITARIAN ACTION FAILS

CHRIS COYNE

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Historians know that Afghanistan is the graveyard of empire; would-be conquerors dating all the way back to Alexander the Great have seen their imperial dreams dashed in the region for a variety of reasons. Less well known is the fact that Afghanistan, especially the Helmand River Valley, is also the graveyard of humanitarian intervention. German, Japanese, and American governments have all tried and failed to bring prosperity to the region via technical expertise and infrastructure projects. For example, a U.S.-backed project to construct dams and irrigation canals in the 1940s and 1950s eventually increased (after several false starts) the available water supply for agriculture in the region,

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but local farmers did not know how to handle the influx of water, and agricultural output actually decreased as fields flooded. After many similar setbacks the project was abandoned in the 1960s, but after 2001 the U.S. government was back again with remarkably similar plans that met with remarkably similar failure.

The repeated failures of humanitarian projects in the Helmand River Valley are Exhibit A for Chris Coyne's case in *Doing Bad by Doing Good: Why Humanitarian Action Fails*. Over 204 pages, Coyne presents a devastating case against the dominant model of state-led humanitarian action worldwide. The implications of Coyne's analysis, which draws heavily on the tradition of Austrian economic thought and is bolstered by thorough empirical research, are that this model is irredeemable and needs to be completely overhauled.

Coyne's book is divided into three major sections. The first, "The Here and Now" contains two chapters that respectively describe the mentality and history of state-led humanitarian action. Borrowing language from Adam Smith, Coyne uses the phrase "man of the humanitarian system" to describe those with the mentality that "human suffering can be removed or prevented, that human welfare can be improved as desired, provided that the right people are in charge with the right level of resources and the right amount of will power." (p. 16) Such people are in abundant supply in government; Coyne produces a multitude of quotations from highly placed officials who wave away problems of knowledge and incentives by asserting that "will" is all that is needed to solve humanitarian crises. The significance of this vision that acknowledges few or no constraints on what can be achieved is heightened by the reality that, as Coyne explains in the section's second chapter, the state dominates humanitarian action today. Intergovernmental coordination and management of aid organizations is routine, and military peacekeeping has become increasingly common since the 1990s.

Coyne's second section, "The Realities of Humanitarian Action," consists of four chapters and is where the key economic analysis is found. Most importantly, Chapter Three provides an accessible layman's discussion of the socialist calculation and knowledge problems, which Coyne (presumably for simplicity's sake) combines and calls "the planner's problem." This discussion is relevant because, as Coyne points out, "even though humanitarian

action takes place in complex settings, humanitarians tend to rely on central planning as the way in which decisions regarding resource allocation are made.” (p. 64) Humanitarians often operate on the facile assumption that markets are antithetical to humanitarian action, and they frequently lack the most basic understanding of how markets coordinate resources and activities. Moreover, because the state is bureaucratic by nature, its growing involvement in humanitarian action naturally leads to the employment of more bureaucratic methods. Finally, many areas receiving humanitarian aid lack the conditions necessary for the effective functioning of markets because of their predatory governments; of course, this is one reason these regions need aid in the first place.

The prevalence of central planning in humanitarian action means that aid agencies and the like lack the necessary feedback mechanisms to know whether they are actually improving the wellbeing of aid recipients. Coyne cites several reports where aid providers claim to have achieved “breathtaking successes” on the basis of metrics considered valuable by the providers themselves, e.g., the number of children enrolled in schools as a result of the aid. Absent from such self-congratulations is any awareness of whether real economic progress has taken place:

Economic progress is the much more difficult task of increasing consumer welfare through fundamental changes that solve economic problems by helping individuals coordinate their scarce resources in more efficient ways. In other words, how do aid planners know that education, or healthcare, or infrastructure is the highest valued use of scarce resources from the standpoint of the members of the society in which they intervene? They cannot following the logic of the planner’s problem. (p. 74)

Coyne cites the Soviet Union’s economic history as the best example of how conflating output with economic progress led many observers to conclude that the USSR’s economy was superior to the United States’, despite the fact that the standard of living in the USSR was very low. A parallel situation exists today in Afghanistan, where official government estimates are that up to 97 percent of the GDP is a direct result of spending by military troops and international donors. Thus the GDP figures, which have increased rapidly since American intervention, are

disconnected from the stagnant standard of living of the average Afghan citizen. Coyne's conclusion at the end of this analysis is that the best humanitarian planners can hope to accomplish with their traditional approach is to expand output for immediate relief efforts in crises. Grand plans for long-term development on this model have no chance of success.

But the dominant aid model cannot guarantee success even in relief situations. The remaining chapters in the book's second section describe other related, intractable problems that accompany state-led humanitarian action. Two of these chapters "develop the political economy model of humanitarian action by considering how the incentives created by the political process contribute to the failure of state-led humanitarian action to deliver short-term relief to those in need." (p. 92) Specifically, political competition replaces market competition in the process of allocating resources, and the bureaucratic model of public humanitarian agencies encourages waste and mission creep. The section's final chapter discusses the problem of linear, technocratic thinking among humanitarian planners when the environments in which they provide aid are characterized by complex systems; the inevitable result is the unintended consequences of system effects, such as when the toppling of the Gaddafi regime in Libya led to destabilization in neighboring Mali as the Malian rebels Gaddafi had employed for years returned home to cause trouble for their own government. The cumulative impact of all this analysis? "Given the numerous past failures of state-led humanitarian efforts, the realities of political institutions that are at the center of humanitarian efforts, and the logic of negative system effects, the burden of proof necessary to justify humanitarian action, no doubt, should be extremely high." (p. 165)

The book's third and final section, "Implications for Humanitarian Action," is also its shortest. Coyne's central argument here is to call for the overturning of the "man-of-the-humanitarian-system" mentality and to replace it with Thomas Sowell's "constrained vision" for what human reason can comprehend and design. "Instead of starting from the assumption that something 'must be done' to help those in need, the constrained approach entails first asking, 'What can be done?' given the relative constraints." (p. 178) As already mentioned, this involves acknowledging short-term relief as the outer limit of what humanitarian aid can

accomplish. Development, by contrast, should be viewed “as an ongoing process of discovering new and improved allocation of scarce resources.” (p. 179) Economic freedom thus becomes the preferred—indeed, the only—reliable method for bringing about sustained economic development.

Coyne stresses the importance of recognizing a society’s endogenous rules of property ownership as opposed to attempts to design and impose property rights in a top-down manner. The constrained approach “recognizes that while some rules and organizational forms may be designed, they are grounded ultimately in a broader array of emergent rules and traditions that are not designed and are beyond the grasp of human reason. These traditions are the result of historical experiences and belief systems that vary over time and across people.” (p. 183) These endogenous rules exist in all societies and help determine how communities respond to humanitarian crises. They also constrain efforts to design and implement what planners may consider “superior” formal rules. In this context Coyne examines the Millennium Development Goals promulgated by the United Nations and finds them wanting because they lack any focus on increasing economic freedom.

Coyne suggests that states, rather than trying to “fix” other countries, should focus on making internal reforms that can have the effect of helping the suffering in other parts of the world. His primary recommendation is to liberalize immigration laws to allow labor to flow to where it is most highly valued. He cites data indicating that remittances from immigrants to their home countries, such as those to Haiti in the aftermath of the devastating 2010 earthquake, are more effective than all the state-led humanitarian efforts in terms of their developmental impact. Given the emphasis on endogenous rules just a few pages earlier, here it would have been a good idea for Coyne, at least briefly, to answer the objection that the open immigration he favors could lead to an “importing” of endogenous rules at variance with those of the host society, leading to potential conflicts among people operating according to different norms but now sharing the same geographic space. Certainly this concern accounts for at least some of the opposition to immigration he attempts to refute later in this same chapter.

Although Coyne acknowledges that many vested interests, not least the United States military, benefit from the *status quo*

in humanitarian efforts and will oppose any efforts to overhaul them, he does see reasons for optimism in the long-term increase in economic freedom worldwide over the last fifty years and the corresponding long-term decrease in violence analyzed by Steven Pinker and others. Moreover, private remittances and the activities of for-profit businesses help constitute a flourishing non-state humanitarian “industry” that can be further developed. Finally, some voices sympathetic to the constrained vision are finally getting a hearing in policy circles.

Doing Bad by Doing Good is an accessible treatment of a major foreign-policy problem from a perspective solidly grounded in the tradition of Austrian economic thought. The research is thorough, as evidenced by the dozens of pages of sources. One hopes that this book will have a favorable impact on those in a position to alter the regime of state-led humanitarian action that dominates the policy landscape today.