

Doing Bad by Doing Good: Why Humanitarian Action Fails

Chris Coyne. 2013. Stanford, CA: Stanford University Press. ISBN 978-0-8047-7228-0. \$14.50 (paper).

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The title of Coyne's book is reasonably clear: it is about the unintended negative consequences of good intentions. The motivating theses is best summed up in the introduction; "[H]ow is it that well-funded, expertly staffed, and well-intentioned humanitarian actions fail, often serially...to achieve their desired outcomes?" (p.6) and the book's purpose is "to provide such a reconsideration using the tools of economics" (p.6).

Coyne states "My focus is on state-led humanitarian action. State-led implies a government or group of governments plays a leading role as the agenda-setter in designing, implementing, funding or overseeing the humanitarian effort" (p.19). The lessons are broader than state-aid however and apply to other sorts of aid efforts including Christian mission activity.

The book is divided into three parts. Part one, called "The Here and Now," opens with a brief history of how state-led humanitarian aid came to be a policy choice of the developed world. In part two, called "The Realities of Humanitarian Action," Coyne details the causes of the failure in humanitarian aid and narrows it down to two main culprits: the shortcomings of central planning and the knowledge problem. The main thrust of his critique can be summed up in this statement:

...political institutions are characterized by inefficiencies that make persistent resource misallocation and waste the norm. In addition to emphasizing the inadaptability of political institutions...the political process is characterized by a set of incentives that encourage the constant expansion as bureaucrats seek to secure control over more resources and power (p.24).

Coyne examines real examples such as the aid efforts in the aftermath of the Haitian earthquake and the nation building efforts in Afghanistan, although he refers to a number of recent case studies throughout the book.

Coyne shows that state-led aid efforts are highly political and that causes them to suffer in several of the same ways that many government programs do. They lack the knowledge and feedback mechanisms that allow program administrators to know how to best allocate the aid or to adapt and adjust to circumstances and changing needs. In light of these

problems administrators often substitute outputs for outcomes. So aid agencies discuss how many homes built or vaccines administered or children enrolled in school with no consideration or even a way to tell if these were the most pressing needs of the recipients. Coyne points out that trial and error and lessons learned are no substitute for market-based feedback, since trial and error is always backward looking. There is no replacing the signals sent by profit, loss and prices because each case has its own nuances and uniqueness.

Coyne also points out that these problems are not unique to government and international institutional agencies:

Another, related, potential, misconception is that NGOs, as private nonprofits, are somehow able to solve the economic problem when governments cannot... Humanitarian NGOs, like government agencies, do not price and sell their final outputs. As such, they cannot engage in economic calculation (p. 86).

Coyne points out the NGOs, especially if they are locally based, may have some advantages over government agencies because they will have local knowledge—as happened in post-Katrina New Orleans. But that advantage is primarily restricted to immediate aid and relief efforts, and disappears for long term development projects. Coyne does acknowledge that NGOs and even government agencies can do some good and improve people's lives; his point is that they do not do it that often (more in emergency aid than in long term development), and frequently they exacerbate the problems or cause more of their own.

The final part, "Implications for Humanitarian Action," is where Coyne offers a few thoughts for improving the aid system. His suggestions are built around a decentralized approach that incorporates more local entrepreneurial activities and emergent solutions. He argues for what he calls the constrained approach, which he describes as "inherently humble...because it begins from the premise that human reason is limited in what it can comprehend and design" (pp.178-9). Since development has proven immune to planning, Coyne argues that it can only emerge in an environment of economic freedom and private property. This puts the humanitarian activist in a position of not so much implementing plans but rather assisting in the locals' discovery process. Coyne references Hernando de Soto's work in helping develop private property protection in Peru. He also details several cases where nations have a large gap between the formal rules and the informal ones by which economic activity is actually governed and points out that this creates tensions and drains resources

in a way that is counter-productive to development. Ultimately, Coyne is not persuaded that much will change; “I am under no delusion that the constrained approach to humanitarian action will displace... mentality any time soon. Indeed, the analysis ...explains why we should expect the unconstrained approach to persist, and likely expand, over time” (p.192). However, Coyne does see some reasons for optimism. While the international aid system may not change anytime soon, Coyne notes that by many measures economic freedom is expanding around the world and poverty has retreated significantly over the past thirty years. He observes that alternative ideas on development are given serious consideration in many corners.

While it was not explicitly Coyne’s purpose, a Christian reader cannot help but start applying Coyne’s critiques to missionary work. We in the Christian community are very active in responding to the biblical commands to help the poor and bring relief and comfort in the name of Jesus to the needy. And while we hold that there is a spiritual call to what we do and are led by the Holy Spirit to where God can use us best, nonetheless we can go about our efforts in the wrong way. One thinks of Paul being hindered and prevented from his intended travels at times and being re-routed at other times or David’s desire to build the temple being stopped.

While God owns all and provides for His purposes, we are commanded to be good stewards, to use what has been entrusted to us effectively. And when it comes to mission work and Christian relief efforts we have no better knowledge and feedback mechanisms than what Coyne is discussing with government agencies and NGOs. Maybe we address some of these shortcomings by placing missionaries in a country on a long-term basis; in doing so they gain local knowledge and that is good as far as it goes, but they still lack certain feedback mechanisms. Not that the missionary is doing bad, but is he doing the most good that those resources can do? How do we measure this? How do we know?

Maybe the larger problem arises in the short-term mission work that many churches and denominations support, in which people take a few weeks to travel to undertake a short-term project such as building houses for a village. Sometime these efforts are in response to disasters and sometimes they are not. Either way, this sort of activity faces all the issues Coyne describes; it is centrally planned, lacks any feedback mechanisms, lacks local knowledge and confuses outcomes and outputs. Frequently, short-term missionaries return and report back to their congregation that they built five houses in some remote village or some such activity. It

sounds very nice and is not necessarily a bad thing, but it may not have been the best thing they could have done and could have very well been a bad thing. There are stories of the perverse incentives mission-led home repair (and other such projects) have caused: where villagers refuse to expend resources to fix up their own homes, even when those resources are available, because they will not get any missionary attention and help unless they look pitiful and run down.

Peter Greer of Hope International tells (in the Acton Institute video series *Poverty Cure*) about an American church that decided to provide free eggs to an African village for a year. After the year the church moved on to another project but in the meantime the free egg program had bankrupted the local egg producer thus leaving the village with no eggs after the year ended.

Coyne's book is not only a critique of state-led efforts but a call for Christian aid administrators and mission minded Christians to be sure they are thinking very carefully about what they are doing and how. It is not proper to take what I have come to call "sanctified vacations" where one goes and does some mission minded task without regard for how well it serves other people. We need local knowledge, and feedback mechanisms as well. A profession of faith is certainly one feedback we look for and a vital one but it is not the only one and not sufficient; discipleship and follow up is just as vital for this as it is for any other work.

It would seem that this is an opportunity for Christian economists. Economists are in a unique position to make a real contribution. As professionals trained in understanding incentives and analyzing outcomes we can help improve missionary effectiveness through our research. Here Coyne has given us some foundational material. We often say that we are to be obedient and trust God for the results and there is truth in that, but it must be balanced against our call to proper stewardship. There are opportunities to improve in this area.

Coyne's book is a challenge to all of us who work or are concerned about global poverty issues. It is readable by those untrained in economics but contains data, case studies and applications that make it a worthwhile contribution in the field. Coyne sets modest goals and achieves them. For the Christian reader, the applications extend into mission work where, important as it is, Christians are not immune from the issues Coyne raises. We have a high duty to be good stewards, and we need to do better; that is the challenge and the opportunity presented in *Doing Bad by Doing Good*.

Reference

Miller, M. & Fitzgerald, J. (2012). *Poverty cure* [Documentary]. Grand Rapids, MI: Acton Media. ■