DO TROPICAL GANGSTERS HAVE GOOD INTENTIONS? A COMPARATIVE REVIEW OF ROBERT KLITGAARD AND THOMAS DICHTER

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Two books are reviewed, both written by development practitioners of long standing. Robert Klitgaard's *Tropical Gangsters* was published in 1990, and Thomas Dichter's *Despite Good Intentions: Why Development Assistance Has Failed,* in 2003. The former was a bestseller and chosen as one of the best nonfiction books of 1990. Both books are enlivening, and uniquely represent an experimental method in the portrayal of development. Klitgaard and Dichter offer two very different, alternative, and refreshing writing styles. In a departure from traditional empiricist science, Klitgaard is autobiographical whereas Dichter interweaves 18 short stories in analytical chapters. Together, they provide lively and often provocative insights into development assistance — the wrong turns, the dead ends, the mishaps and the missteps, and even the prohibited zones. But they also offer new directions and possibilities for rethinking development practice. Development of the Greater Mekong Subregion (GMS) and its assistance by ambitious programs of the international development community are considered in light of the numerous lessons gained by the two authors in nearly thirty years of development experience.

I. INTRODUCTION

In mid-1986, Robert Klitgaard landed in Malabo, the capital of Equatorial Guinea, a tiny African country bordering Cameroon and the Gabon. Armed with a PhD in economics, years of teaching at Harvard's Kennedy School of Government, and an impressive string of consulting engagements with developing country governments, Robert "Bob" Klitgaard proceeded to fulfill his two-year mission to rehabilitate the Equatoguinean economy, ravaged by years of abuse and mismanagement during the Macias dictatorship.

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His book, *Tropical Gangsters*, was published in 1990. He borrowed the term from the band Kid Creole and the Coconuts and used it as a shortcut to refer to a host of conditions he described as "rampant opportunism, deceit, and distrust; [which] in turn foster flaccid and corrupt institutions — public, private and international." There are different varieties, he adds: "government, business and international aid giver." Three years after he left Equatorial Guinea and two hundred eighty-one pages later, Klitgaard's book was a bestseller and chosen as one of the best nonfiction books of 1990 by the New York Times Book Review. It likewise achieved the honor of being named by the New York Times as one of the best hundred Books of the Century.

He employed an autobiographical writing style with a deeply inquiring tone, preferring to ponder the persistent problems of underdevelopment in Africa, rather than the cocksure stance of a handsomely paid, know-it-all consultant. His first-hand account is at many turns witty and hilarious despite difficult circumstances; at other times scholarly and techno-economistic. He delves into an economic forecast of Equatorial Guinea cocoa export revenues with the same ease and dexterity as describing the exhilaration of surfing the perfect wave, or jamming with all of Malabo's two rock stars.

The African portrait through Klitgaard's pen is multi-dimensional, enriched by many stories that are simultaneously poignant, exhilarating, suspenseful, even ponderous. There are the Catholic nuns running Malabo's only school alongside lengthy preparations for a strategy formulation workshop for government ministers; daily encounters with other development practitioners (some of them jaded); and a close encounter with a coup plot. A malaria attack to celebrate the IMF approval of his economic plan was painful, scary, and funny, even while the questions about aid and dependency persist.

A former official of the US Agency for International Development (USAID) in Panama City described Equatorial Guinea as "the armpit of the world," a place where according to the official, Klitgaard could give full vent to his supposed "masochism." His arrival was greeted by a thick wall of humidity immediately upon stepping off the plane and, thanks to a considerate health officer at the airport, warning of a cholera epidemic in full swing. Malabo's two hotels had no vacancy for him due to the earlier arrival of another mission of fourteen expatriates. Two days of travel and no roof to house his jet-lagged head, Klitgaard's first day in Equatorial Guinea seemed to confirm the exhortation of the USAID official about the country that Klitgaard would adopt as home for the next two years.

Different agencies reported average per capita income in the country between $100 and $300 in 1985. Its population of between 300,000 and 400,000 had a life expectancy of 45 years. Each year, 90% of the population contracted malaria. Before independence in 1968, Equatorial Guinea was a colony of Spain, its economy made prosperous by cocoa, its top export, along with other exports like timber, coffee, and palm oil. A pre-independence profile of Equatorial Guinea depicted a relatively well-off country compared to its neighbors. Export earnings per capita in 1985 posted at $500 in Equatorial Guinea compared to $105 in Gabon, $48 in Ghana, and $12 in Nigeria. Literacy rate was at a remarkable 60%.

But ten years of dictatorship under Francisco Macias Nguema overturned Equatorial Guinea's high standing among African countries. A maniacal despot, Macias was described by Klitgaard as worse than Idi Amin of Uganda and Emperor Bokassa of the Central African Republic. In what can only be construed as a murderous rampage against the country's educated elite, Macias reduced the population by 25% to 30% during his ten-year reign.

Teodoro Obiang Nguema Mbasogo, the dictator's defense minister and nephew, seized power in 1979. Macias was tried, found guilty, and executed. Obiang endeavored to modernize the country through certain reform measures. He opened the economy to trade and investment, and devalued the currency. Still, the country remained poor and the economy almost at the brink of bankruptcy. A huge external debt rendered the country's credit rating extremely low, thus opportunities for private sector borrowing were few, if any. Development assistance provided the only alternative.

To qualify for badly needed external financing, the country had to submit to the conditions of development assistance. A World Bank loan of $13 million would help set the economy on the path of reform. And a series of structural adjustment measures, the World Bank's standard prescription for economic rehabilitation, would restore Equatorial Guinea's economic vibrancy.

These were Klitgaard's marching orders. He would be the shepherd of this process that would steer the economy towards financial solvency. At the same time, he could treat the country as a kind of case study. Equatorial Guinea appealed to his instincts as an educator. The country provided a kind of laboratory setting in which to scrutinize the problems of underdevelopment. As an extreme case, Klitgaard writes, Equatorial Guinea would "help us see more clearly what is happening in more typical instances."

Klitgaard embarked on his consulting mission, equipped with his credentials, his boundless energy, his surfboard, and no doubt, a deep reservoir of good intentions for personal sustenance. This, according to

Thomas Dichter, is only the beginning of the unrelenting problems of development assistance.

Like Klitgaard, Thomas Dichter is a development practitioner of long standing, his career spanning thirty years from the 1960s to the 1990s. In the interim years when he did not practice his craft, he held teaching positions at Tufts University, Clark University, and Princeton University. With an anthropological background, Dichter lent his expertise to work with a variety of organizations such as CARE, the Peace Corps and USAID, and yes, the World Bank as well.

He was initiated into international development as a Peace Corps volunteer in Morocco immediately after graduation. Since then, the Third World lured him. A rich biography of varied developing country assignments took him to Yemen, Tunisia, the Philippines, India, Nepal, Pakistan, Peru, Kenya, Zimbabwe, Ghana, and Malawi, among others. In these countries, he managed organizations, implemented projects, evaluated programs, and rendered advice. These numerous engagements varied from a few weeks of quick turn-around assignments to lengthy sojourns of a few years. The result of three decades of development work in various capacities is a piece of writing that is both reflective and critical of development assistance. This, he summed up in a book entitled *Despite Good Intentions: Why Development Assistance Has Failed*, published in 2003, thirteen years after Klitgaard's *Tropical Gangsters*.

Development scholars will find these books enlivening. There are the regular abstractions that are the staple food of academics. Together, the two books provide a good roadmap that enlightens the journey of development assistance — the wrong turns, the dead ends, the mishaps and the missteps, and even the prohibited zones. But they also point out new directions and fresh possibilities for rethinking development practice, and some prescriptions for getting development back on track.

But beyond these are innovative forms of writing about development. Both authors employ narrative styles that achieve the effect of immediacy, realism, and *textured-ness* — a refreshing break from the standard use of "metanarratives" that has governed development studies for decades.[1]

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1 Also known as "master codes," "global world views," "master narratives." The term was first used by the French philosopher Jean Francois Lyotard in *The Postmodern Condition: A Report on Knowledge* (1993) as a critique primarily against a worldview called "modernity." This worldview rests on the philosophical foundations of the Enlightenment, which asserts, among other things, that Truth can be known by the application of scientific rigor. In development studies, the metanarratives employed for analyzing and reversing the condition of underdevelopment have been Modernization, Marxism, Dependency, and Imperialism. For a good introduction to postmodernism, see Pauline Marie Rosenau. *Post-Modernism and the Social Sciences. Insights, Inroads and Intrusions.* New Jersey: Princeton University Press (1992).

II. A SHARED DISQUIETUDE

Early on in his book, Klitgaard emphasized the problem of dependency, particularly in a country whose national income was $63 million, half of which was supplied by foreign assistance. While true of Equatorial Guinea, this situation mirrors many Asian economies, among them, the Lao People's Democratic Republic (PDR), and Cambodia. Further, he worries about the opportunities for corruption in impoverished governments that are suddenly bombarded with massive amounts of foreign aid, even as he notes the contradictions in a system of dispensing development aid through consultants like himself who enjoy outrageous professional fees while their government counterparts suffer exploitative salaries. This theme reverberates throughout Klitgaard's book.

In what seems as an unwitting conversation between these two authors, Dichter responds to Klitgaard's *angst* via his analysis of development assistance that, over the years, has deteriorated into what he terms *devbiz.* Whether government organizations, non-profit organizations, or international development organizations, the development community has become an "industry." Like most other industries, Dichter argues, the *devbiz'* overriding interest is that of "self-perpetuation." Its imperative is to survive in the competitive arena of the "development market-place."

Thus, *devbiz* must pursue "market share." What is the exact nature of their competition? Dichter replies: the "spending competition." Their product? Money. Particularly Other People's Money (OPM) that is sold to development "customers" much like Coke and Kodak compete against Pepsi and Fujitsu. OPM is the amount of money pledged yearly by donor governments for development aid, and channeled through various multilateral and bilateral institutions. In the development market-place, the organization's position as a major or minor player is determined by the size and volume of the money at its disposal. In turn, these institutional mechanisms convert this money into loans and grants that are moved through projects and programs — those units of development funding that provide the logic for development assistance. The more programs, the bigger the projects, the better to secure OPM. Along the way, some other players enter the OPM marketplace — nongovernment organizations (NGOs, both international and local) — who themselves dispense OPM on behalf of multilateral and bilateral organizations. Never mind if there is no real demand for their projects, or whether they result in anything long lasting. Among development organizations, the key question has become, *how much have we spent?* (The pre-question being, *how much money can we get from donors governments?* rather than, *what is the relevance and the impact of what we do?)* Writes Dichter: "…work is often created, conjured up, and invented for spurious purposes, few of which have to do with real demand or need."

No doubt international financial institutions like the World Bank and the Asian Development Bank are the biggest players. But very large grant organizations, like the Ford and Rockefeller Foundations, are included in this league as well. Populating their labyrinthine bureaucracies are aid professionals who, like their corporate counterparts, struggle to maintain market share and seek to maintain a competitive edge vis-à-vis other suppliers of development aid. The smallest NGOs have become, of late, minor players, and they complete the network of competitors for OPM.

Thus, *devbiz* organizations must employ professionals, particularly those who can "sell." The organization with a better sales force ends up with a bigger share of OPM. In the past, donor governments were the preferred clients. They still are. More recently, however, NGOs compete for the same largesse. CARE and the Asia Foundation source USAID money, while Oxfam UK channels DFID aid. These donor organizations fund local NGOs in a chain of funding partnerships reminiscent of Andre Gunder Frank's dependency networks of metropolis-satellite relations.[2]

Whether donor or recipient, both are locked into *devbiz*, and careers are made (or unmade) as one set of professionals makes money available, another set competes to receive it. Among the largest market players, the business of giving and receiving money occurs in the fanciest global capitals where surplus income from the developed countries is transferred via a complex mechanism of negotiations among professionals. In short, development assistance has become *commodified*.

Over the years, a layer of international consultants emerged — the purveyors of good intentions sans the naiveté and romance of the 60s. In the race for OPM via spiraling consulting fees, consultants employ a hard-nosed realism to replace the unadulterated zeal of an earlier era. Below is Dichter's portrayal of the consultant's confessional:

2 See Andre Gunder Frank's "Sociology of Development and Underdevelopment of Sociology" in *Latin America: Underdevelopment or Revolution?* New York: Monthly Review Press (1970).

We will make compromises, and more and more of them, to remain alive. We will put our own survival ahead of our mission... The speed with which resources shifted from development assistance in truly needy areas such as Africa to the newly independent states of Eastern Europe in the early 1990s is a sign of how market oriented, rather than need oriented, we have become. We too want to be where the action is. We want to keep our jobs, continue to develop our own institutions, and to the extent possible publicize and justify what we do.

III. FILLING THE CONCEPTUAL GAPS

Dichter's critique is strikingly different from previous critics who portray development workers as a "bunch of neocolonialists in disguise, promoters of growth at the expense of "wellbeing", or "cynics who do not really care about the poor."[3] Instead, Dichter examines the fault lines in development assistance, exposing the structure of fund transfers that are at the root of *devbiz*. He includes the magnitudes of amounts involved, and the major givers and receivers of development assistance.

It is a $60 billion industry, a staggering amount to fund the global effort for development. It is miniscule, Dichter concedes, when pitted against US advertising costs, credit card expenditures, and even expenditures on pornography. Yet while this amount could conceivably reverse extreme situations of poverty and vulnerability, it also funds the entire industry — from staff costs at the World Bank to the share of funds donor NGOs receive. And yes, the professional fees of Klitgaard and Dichter, and occasionally, mine too.

The channels of development assistance are multiple, and the mechanisms for securing them are complex indeed. One of those mechanisms, the "beltway bandits," refers to consulting firms that have become primary recipients of USAID expeditures, funds coming directly from congressional allocations.

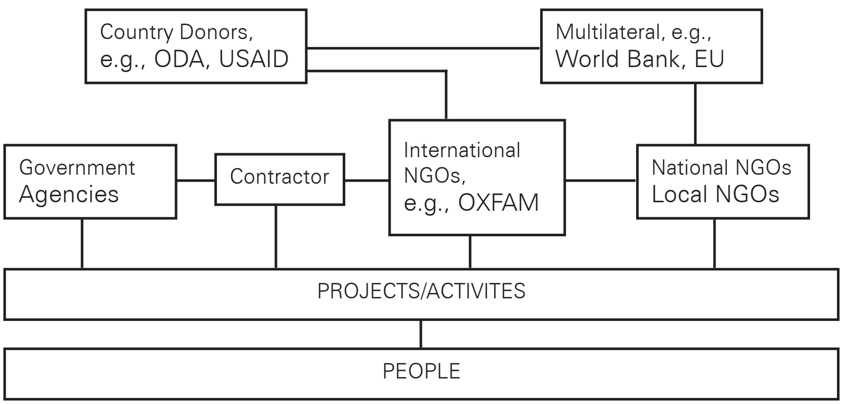
[3] Among the more scathing criticisms of development assistance are Leonard Frank's *The Development Game* (1997), Graham Hancock's *Lords of Poverty* (1989), James Ferguson's *The Anti-politics Machine: 'Development', Depoliticization and Bureaucratic Power in Lesotho* (1994), and Arturo Escobar's *Encountering Development* (1994).

The procedures for securing USAID funding are a maze of "finely wrought rules," the language of contracting itself a specialized discourse meant only for the staunch of spirit and the brave of heart. From "PIDs" to "RFPs" to the final choice of a "COP", these contractors are poised to pry open the treasure chest of development funding that resides deep in the bowels of Washington D.C.. Armed with their network of lobbyists and their databases of thousands of consultants, contractors call upon a "reserve army" on stand-by status, ready to be mobilized once the war of contracting has been won. Dichter refers to them as the "body shoppers."

The diagram below is a graphic representation of the structure of capital transfers and the inter-relationships among the different actors.

Finally, Dichter does an excellent job of analyzing what he terms the "incentive gap." More than just the abysmal differences in wages between consultants and their local counterparts is the problem of outsourcing development work to experts under so-called "Technical Assistance (TA) packages." Financial institutions are trapped by the requirements of managing a development bureaucracy, thus their exposure to on-the-ground realities is limited to the "mission" of a few days or weeks, what cynics refer to as "development tourism."

Structure of International Fund Transfers



Source: Gardner, Katy and David Lewis (1996).

Consultants are called in for the long haul — to elaborate upon the mission and, in most cases, to implement the identified projects. Further, the daily grind of managing OPM at headquarters militates against keeping abreast of new knowledge to transform development practice. This is assigned to experts under contractual arrangements. With outsiders to flesh out the broad terms of the mission, the experiences generated from actual project work remain with the consultants, often summarized in reports that end up on shelves at headquarters.

While critical, Dichter avoids a total bashing of development actors. He prefers instead to employ a line of attack that focuses on the industry structure. In the end, he employs a non-ideological, non-polemical approach to the failures of development, preferring to overhaul systems that would promote growth rather than retard it. He recognizes the role of correct policy frameworks rooted in the guarantee of property rights and the enforcement of those rights.

IV. WRITING AND REPRESENTATION

These two books are the best representatives of an experimental method in the portrayal of development. Most development studies in the past, and until today, are dominated by the clinical, opaque, and disengaged methods of economists and social scientists, or by the polemical, rhetorical tone of radical anti-developmentalists. Klitgaard and Dichter offer two very different writing alternatives, a refreshing break from the traditional style of writing and representing the developing world.

Klitgaard's book reads like a series of autobiographical entries in a two-year journal. His first-person writing style is fast-paced, crisp, and oftentimes, hilarious and charming. Here is a piece on the graduation ritual for secretaries trained under a UN project:

> *The ceremonial occasion called for rhetoric, and no one has ever accused either the United Nations or Equatoguineans of underdevelopment in that domain. A series of UN and government officials spoke. And spoke. And spoke. Their words were grand, their sentences endless. In orotund turns of phrase — indeed, in spiraling helices of phrase; in snarled fishing lines of phrase; in endless small intestines of phrase — the speakers ingeniously explored and invented connections between "qwerty", alphabetical filing, and socioeconomic advance...*

It is also a representation of a country in accordance with our expectations about Africa — a Hobbesian existence in most ways, as we are treated to the brutish unleashing of mosquitoes and maggots amidst nasty weather. Yet it is also a nuanced country of Wordsworthian moments, those Klitgaard describes eloquently as a place where "(O)ne can be overwhelmed by Africa's problems at one hour and be enthralled by the cultures and natural beauty in another." In this, he writes of Africa and of *all* developing countries, caught in the "radical swings in emotion and perception."

Dichter's book is written mainly as an analytical piece. It sets out, quite convincingly, to prove a central hypothesis. Data is deployed in construction of persuasive arguments. Eight chapters are standard social science argumentation, and Dichter ably complies with the canons of that academic community. But the analytical chapters are interspersed with eighteen short stories that trace the career of a consultant he baptized as Ben Rymaker. No doubt, Ben is Dichter's life fictionalized. Ben, as the central character in each story, is positioned in a variety of developing country situations. It is a clever literary device to break what could sometimes be a conceptual overload. The stories achieve a sense of realism, according to Dichter, because they "...ground the analysis in the realities of development assistance as it is practiced day by day, year by year, and especially at the field end of things where the project and the poor meet."

But even as they relate different plots and messages — some of them poignant, others hopeless, futile and cynical, and still others a confessional of ethical dilemmas, they are also universal situations confronting every development practitioner who has set foot on underdeveloped soil and has been enamored by the possibility of contributing to the common good. They are what I term "mirror narratives."

Dichter narrates the early stages of Ben's development career as a Peace Corps volunteer in Morocco. His initial romantic view of the developing world fills him with personal satisfaction in his role as an English teacher, and he is emulated and appreciated by his Moroccan students, many of them older than he. He also views Morocco as a kind of "unconquered" territory, a place where, according to a friend of his, Ben could "play Lawrence of Arabia."

But he is shattered by the rejection of the same students who throw him out of the classroom when he appealed to them to withdraw from participating in a national strike. His status as teacher was all but forgotten in the heat of domestic strife. At the end of his teaching stint in Morocco, he wondered about the country and the people he thought he had come to know, as well as those who had come to know him and profess to even love him. He questioned his assumptions about a good-willed, good-natured American spreading the "gospel of modernization" in English — and how utterly wrong he might have been.

The story of the USAID contractor in the middle of Ben's adult career is a sharp-edged narrative about *devbiz*. It details the tediousness of winning a contract — the Washington cocktails, "representational entertainment," "contract bidding" and "body shopping." Ben is "shopped" as a long-term consultant by a USAID contractor for a Philippine project. He is required to submit regularly a "logframe" — USAID's standard project management tool. After a year, he must prepare for the ritualistic mid-term evaluation and demonstrate positive project results by then if he is to retain his post.

Negotiations for the conditions of his consultancy are focused on the "Sunday differential," the "hazardous duty differential," and the aid "max" that he is entitled to in a "hardship post." Hardship, he relates with delicious irony, is rooted in "American chauvinism." It presumes that if you are an American, you are a Norman Rockwell American — white, small town, and Christian. When the negotiations are long over and he is ready to assume the COP (Chief of Party) status nearly a year after he was body-shopped by a "beltway bandit," Ben's first thought is on the cost of hiring a maid and a driver in northern Philippines. If only for these stories, this book is a must-read.

V. THE MEKONG CONNECTION

So what, the reader may ask, do these two books have to do with the Greater Mekong Subregion? Why is Equatorial Guinea in 1985 relevant for the Mekong countries in the new century? How is Dichter's critique useful in guiding the as-of-yet malleable development strategy in the Mekong?

By all measures, Equatorial Guinea shares many similarities with the Mekong countries. The GDP per capita of Lao PDR ($1,620), Cambodia ($1,860), and Myanmar ($1027) are almost at par with that of Equatorial

Guinea ($1,120).[4] As HIV/AIDS is the scourge of the African continent, so it is with Cambodia, Thailand, and Yunnan Province in southwestern People's Republic of China. The infection rate is highest in Cambodia at 2.7%, followed by Thailand at 1.7%; in Equatorial Guinea, it is 3.38%. Women suffer particularly: 3,000 women living with HIV/AIDs in Equatorial Guinea.

Life expectancy rates are among the lowest in the Mekong countries, comparable with that in Equatorial Guinea and most of the African countries. In the years 1970–1975, citizens of Cambodia, Myanmar, and Lao PDR could expect to live only up to the ages of 40 to 49 years. Within that same period, Equatoguineans could expect to live 40 years. In the period 1995–2005, life expectancy rates in all four countries increased by about 10 to 15 years, so that Cambodians, Laotians, and Myanmar citizens now can expect to live from 52.5 to 55.8 years. Today, Equatoguineans have a life expectancy 50 years — still very low compared to Thailand (77 years) and People's Republic of China (70 years). They have the lowest life expectancy rates in the world.

The shift in dependency has been remarkable for Equatorial Guinea. In 1990, 46% of its GDP consisted of Official Development Assistance. In 2000, this was drastically reduced to 1.6%. Net foreign direct investment has increased steadily in the last ten years, while total debt service has decreased from 3.9% of GDP in 1990 to 0.4% in 2000. Dependency has been reduced in the last fifteen years, not by development assistance but by the discovery of oil.

In contrast, Lao PDR's ODA share of GDP decreased by a miniscule amount in the last ten years from 17.3% in 1990 to 16.4% in 2000. Lao PDR dependency threatens to be exacerbated by a steady increase in total indebtedness from 1.1% of GDP in 1990 to 2.5% in 2000.

VI. LESSONS FOR GMS DEVELOPMENT

In the last ten years at least, the international development community — including the Asian Development Bank, the World Bank, the UN system,

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4 UNDP. *2002. Human Development Report 2001*. New York: UNDP. There are contradictory figures for Equatorial Guinea as reported by the World Bank (2003) and UNDP (2002), the same problem Klitgaard encountered in 1985. I utilize the 2001 figures for demonstrable effect with the GMS countries.

and various international donor organizations — has launched an ambitious program to bring development to GMS countries. The numerous lessons of nearly thirty years of development experience by the two authors are truly worth considering by and for GMS countries. Not all their messages are very flattering or laudatory. But in the exercise of any vocation, some discomfort is always expected.

One lesson cited by Klitgaard implicates the very title of his book. What does one do with tropical gangsters, i.e., the pernicious problem of corruption? Unfortunately, Klitgaard sidesteps this nagging question, a question quite relevant for Asia today.

Equatorial Guinea likewise provides valuable lessons for integration. Tribalism is rampant in the country as it is in most of Africa, and there is a high degree of instability. The same is true for the GMS. Great disparities exist in population size and income among the GMS countries. Among its 255 million inhabitants, 75 million are ethnic minorities, a majority of them suffering from chronic poverty and lack of access to basic services. They are in the remote mountain areas, located at the margins of society, and outside of an emerging common market. Like Equatorial Guinea, Myanmar continues to fall behind socially, politically, and economically.

Integration, while an ideal worth pursuing, will have to be achieved through more efforts than just "economic corridors" — the heart of the ADB/GMS strategy characterized by "connectivity and competitiveness." A more cautious and sensitive appraisal of the broader social, cultural, and political environment of the GMS should be used by the ADB to give more substance to its GMS strategy. More specifically, ADB needs to provide a more robust approach to the third pillar of the GMS strategy, namely, "community."

Dichter's critique of development assistance, while bruising, is not totally dismissive of the role that it can play. But it is a role that must be refashioned according to two dictates that will allow development to take place. These are surprisingly simple: first, assist poor people so that they themselves can create wealth; and second, protect their wealth through a system of laws that guarantee private property. Dichter calls for the dismantling of the aid industry, beginning with the bilateral bureaucracies all the way down to the smallest NGO recipient of donor money. He maintains that development assistance must henceforth be confined to refugee assistance and emergency relief. Other programs such as maternal and childcare must only be undertaken as an "extension of those two realms."

The most effective purveyor of development, according to Dichter, is the private sector. This sector has been "more effective at development than we development professionals have been." Over time, Dichter believes, the private sector will "give the poor what *they* want, which is first and foremost increased spending power and the means to get it."

While Dichter is mostly correct about his discomfort with development assistance, he still needs to answer the central question: how can the private sector be enlisted in the development mission? Mostly, the private sector responds to market signals rather than developmental ones. Sometimes those signals intersect; frequently they don't. Conventional wisdom has taught us that the poor remain outside of the market because of their lack of purchasing power. This in turn makes them unattractive as private sector partners in market activities. At best, the private sector treats the poor as business risks; at worst, they are simply business-unworthy. Thus they continue to remain poor and the vicious cycle is perpetuated.

Rather than demolishing development assistance altogether, Dichter's proposal can be refashioned into expanding the role of the private sector in promoting development. This is not a new idea or a novel practice. Multilateral institutions have experimented with private sector organizations for several years. In the GMS, however, there is a huge scope for prompting pro-poor entrepreneurship and the ADB should consider moving more aggressively into this area.

Further, the nature of private sector funding must also be specified. The support for creating small businesses must supersede those projects that demand enormous amounts of money. Priority must be given to development activities that stimulate economic exchange among the poor, particularly in terms of enrolling them in the market. Capacity building, the new buzzword in development assistance, must be directed towards the creation of an everexpanding layer of entrepreneurs who create wealth. In this, they will have a stake in development. In Malabo, Klitgaard got it right. He surveyed the small businesses and discovered they

> *...have been succeeding in difficult environments...These were the people, we thought, who might be centrally involved in the country's economic rehabilitation... This was grassroots African capitalism, vigorous and hardworking. Though they worked with primitive technologies and few management skills, in the short run these were not their problems. What they needed most were*

liquidity and demand. They needed access to credit, easier regulations, help in developing export markets. And the government had to get off their backs. Two thirds of the revenues of the cities of Malabo and Bata came from taxes on small businesses, peddlers, and market stalls. The government had to see small business as something to be freed, not something to be regulated and licensed.

The discourse must change as well. The term "project beneficiaries" ought to be dropped. The tone of a hand-down is implicit in the term and the supposed benefits of these hand-downs are questionable. In its stead, the term "actors" or "agents" must be adopted. The poor must be seen as capable of self-will and self-direction. In short, we must treat entrepreneurship among the poor as axiomatic.

In the poorest GMS countries, the private sector is still at a very nascent stage. In countries like Cambodia, the NGO and government sectors are the major agents of development. In Lao PDR and Myanmar, development is sponsored almost exclusively by government. The danger of fuelling dependency cannot be overstated, nor should the opportunities for corruption be overlooked. The temptation for securing fat consulting engagements to fuel our appetites for spiraling fees is endless. Both authors have marshaled nearly thirty years of development experience to reflect on their own roles as development experts. Their work has also provided realistic alternatives to improve development practice.

Perhaps the time is ripe to heed Dichter's suggestion: "[to] be light-handed and perpetually experimental... indirect, and subtle... that will require far less money and far less people." Or, quoting Klitgaard quoting Steinbeck:

It is so easy to give, so exquisitely rewarding. Receiving, on the other hand, if it be well done, requires a fine balance of self-knowledge and kindness. It requires humility and tact and great understanding of relationships. In receiving you cannot appear, even to yourself, better or stronger or wiser than the giver, although you must be wiser to do it well.

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