

## Book Review

### **The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor**

William Easterly

New York: Basic Books, 2013

ISBN 978-0465-032125

394 pp., 14 chapters. \$29.99 (hardcover)

The book opens with a tale of World Bank-sponsored tyranny in Mubende District, Uganda. A total of 20,000 people were cleared at gun point for a forestry project, supposedly to raise incomes, but without considering the rights of poor people. This purely technocratic approach to ending poverty—run by experts, especially economists—Easterly calls ‘authoritarian development’. By comparison, ‘free development’—run by free individuals with political and economic rights—makes for a remarkably successful problem-solving system. ‘Free development gives us the right to choose amongst a myriad of spontaneous problem solvers, rewarding those that solve our problems. These public and private problem-solvers accomplish far more than dictators who implement solutions provided by experts’ (p. 7). Thus for Easterly poverty results from an absence of economic and political rights within an institutional context characterized by ‘the tyranny of experts’. However a new wave of research by some economists (the ‘good guys’) emphasizes history, technology, values and the importance of spontaneous solutions. Easterly thinks we finally have the material to re-open the debate on the rights of the poor and to initiate a new development on their side.

Cut to Stockholm, 1974 when two economists received the Nobel Prize. Gunnar Myrdal emphasized state intervention and technological improvement in development rather than individual rights, part of a new consensus, or Easterly’s ‘authoritarian

development’. The other recipient, Friedrich Hayek (shorn of the patriarchal ‘von’), had written about development as part of an epic confrontation between Western liberal values, on the one side, and Fascism and Communism, on the other. Hayek thought that free individuals with individual rights in a free society solved many of their own problems. Yet Myrdal never addressed this argument. So the great debate between authoritarian and free development never happened—an intellectual tragedy. Hence Easterly’s book.

There follows an extensive outline of Hayek’s life (Vienna, New York, the London School of Economics, etc.) and the structure of his ideas, especially in *The Road to Serfdom* (1944), written to express Hayek’s alarm about the potential threat to freedom posed by socialist planning in post-war Britain. Easterly defends Hayek against misunderstandings from the left—called conservative, he was actually critical of traditional conservatism (‘anti-intellectual, often mystical’). Easterly contrasts Myrdal and Hayek, autocracy and freedom, employing three dichotomies: ignoring history (‘Blank Slate’) versus learning from it; the well-being of nations versus that of individuals; and conscious design versus spontaneous solutions.

First, Hayek thought that the technocrats’ version of history (starting development from scratch) discarded positive evidence on how well individual freedom had worked to produce development. Blank Slate authoritarianism coerced individuals into giving up their own institutions, not understanding that institutions were complicated solutions to complex problems that no-one had designed, and which nobody may understand. So institutions should be allowed to evolve on their own, with the ultimate lesson being ‘let individuals choose’.

Second, development for the sake of the nation state is taken for granted in Myrdal’s technocratic discourse, with expert advisors urging reforms on ‘underdeveloped countries’. For Hayek this meant that the individual was

coerced into serving the interests of a higher entity, the nation or country.

And third, markets, the rule of law and social norms were, for Hayek, parts of a spontaneous order that nobody designed, nobody ordered and that delivers outcomes no-one intends. This was related to mainstream economics 'general equilibrium', a self-regulating system that no-one controls. Myrdal, by comparison, was for government as the active subject in planning development. Easterly insists Hayek's position has long been misunderstood as merely a case of states versus markets, whereas Hayek was actually for some state intervention and government provision of public goods (like roads). In brief, for Hayek and Easterly: 'A spontaneous order of Competition among individuals with different kinds and degrees of knowledge to supply our needs will decide who knows best for each particular need' (p. 39).

Essentially the rest of the book outlines historical cases that Easterly finds supporting the position that autocracy fails in providing development for poor people. But when Easterly turns to history, it comes out quirky and personal, a very long list of events that are hardly systematized. The point of historical analysis is to found controversial ideas in past structures of events, as with Hayek and Easterly's central notion that markets are spontaneous institutions (rather than intricately contrived instruments of power—financial markets for instance). The book begs for a general conclusion bringing all this historical case material into relation with the main Hayek–Easterly theses on spontaneous order and free development. In the middle of an account of having lunch at a café on the corner of Greene Street, NY, and a summary of a speech on Chinese Communism (his 'history' is that eclectic), the book simply breaks off, almost mid sentence, with the proclamation: 'It is time at last for all men and women to be equally free' (p. 351).

All these are issues that have been of interest to social theorists for some time. Power, knowledge, discourse and expertise were, perhaps, Michel Foucault's main concerns, and post-structural theory has discussed

these themes extensively, and to good effect. The discourse of development is a main component of this discussion, with Arturo Escobar's work eliciting wide attention in development studies and elsewhere. Escobar's conclusion, that the whole western notion of development should be deconstructed out of existence, to allow space for alternative imaginaries of social change to be articulated by social movements, is especially germane to Easterly's 'free development'. Then too, the Western liberalism championed by Hayek, and now Easterly, has been subject to intense critical scrutiny, especially in terms of the highly unequal distributions of income it typically produces. It turns out that, Classical Western Liberalism 'populated by free individuals with individual rights that rewards those who solve our problems' typically allocates 20% of total income to the highest income 1% who, if anything, cause the problems they are said to solve. By comparison, Keynesian Social Democracy in Western Europe brought this ratio down to 5–8%. The post-war Fabian socialist planning that haunted Hayek's dreams gave us free health care, family allowances, grants to go 'up' to university, etc.—it may have been paternalistic, even autocratic, but thanks to the Labour Party, we British working-class kids got the social services that made our freedom possible. (All this ended when Hayek's disciple, Margaret Thatcher said, of *The Constitution of Liberty*: 'This is what we believe' or elsewhere, mimicking Hayek, 'There is no such thing as society'.) Most urgently, contemporary neo-liberalism has been conclusively shown (by Jamie Peck's *Constructions of Neoliberal Reason* among other works) to stem from the Austrian School of Economics, especially the ideas of von Mises and Hayek. Neo-liberal policies (the Washington Consensus) are then imposed on reluctant societies by the World Bank, the IMF and the European Central Bank, with disastrous consequences for economies, cultures, societies and environments—the return of extreme income inequalities, for instance. Indeed the main theme of the recent critical social science

literature could be summarized as ‘the global dictatorship of Hayekian neo-liberalism’.

None of this is even mentioned in Easterly’s book. So, new wave economics is conceived in intellectual isolation from social theory—an isolation permitted and re-enforced by the power relations among the social sciences, with economics at the top. Easterly’s criticisms of authoritarian development are often right on. But turning to Hayek for his theory

of an alternative ‘free’ development (the right of rich individuals to make even more money) is a total mistake that could be made only by a theorist hopelessly over-committed to methodological individualism.

Richard Peet  
*Clark University*  
*rpeet@clarku.edu*