

about how their dollars are used. Actively seeking out more effective local charities requires more effort on the part of the donor, of course, but the investment may “do more good for the poor and needy and for one’s community.”

Private foundations are also missing the mark, in the commission’s view. They “are engaged in too much study, too little direct service, and too little hard-nosed evaluation of what they get for their

money.” Many foundations also are too inclined to see themselves as a “laboratory” for government. Instead of spending large sums “to ‘study’ or ‘pilot-test’ various programs aimed at systemic change,” the commission says, the foundations ought to help effective community organizations pay their bills. “Good charitable organizations deal with concrete facts and real people, not abstract theories about combating poverty.”

### *“World Development Report 1997: The State in a Changing World.”*

The World Bank, 1818 H St. N.W., Washington, D.C. 20433. 265 pp. \$25.95.

A half-century ago, it was widely thought that “undeveloped” countries would make the speediest economic and social progress by relying on strong government, guided by technocrats. Now, after the failure of the world’s centrally planned economies, the emphasis is on markets. The World Bank, which helped make the first view conventional wisdom and has more recently embraced markets, warns that this latter approach can be carried too far.

The “miracle” economies of East Asia, in which the state has been deeply involved, and the recent agonies of Somalia and Liberia, which collapsed into anarchy, point up the importance of the state, the World Bank report says. “An effective state is vital for the provision of the goods and services—and the rules and institutions—that allow markets to flourish.” The new view among development specialists, according to the report, is that the state should operate “not as a direct provider of growth but as a partner, catalyst, and facilitator.”

Unfortunately, in many countries today, governments are failing to perform even their most basic functions, such as providing law and order and protecting property rights. Private businesses in 27 of 69 countries surveyed—including more than three-fourths of the firms in the Commonwealth of Independent States (the former Soviet Union), and about half of those in Latin America and Africa—say that official corruption, crime, and an arbitrary judiciary are major obstacles. Still, the report notes, some developing countries, including many in East Asia and others elsewhere, such as Botswana, Chile, and Mauritius, have done well at “managing the fundamentals.”

After establishing a foundation of law and taking up other “fundamental tasks” (such as protecting “the vulnerable” and the environment), the report says, states in many cases need to scale back government’s role through privatization and deregulation. This has worked not only in such countries as China and Poland, which previously had command economies, but in countries with mixed economies as well. In 11 of 12 carefully studied cases in Chile, Malaysia, Mexico, and the United Kingdom, divestiture of state assets resulted in increased productivity and investment as well as more efficient pricing. In the United States, deregulation of airlines, railroads, and three other industries that had been tightly regulated yielded, by 1990, estimated gains to consumers of at least \$33 billion.

Besides cutting back overgrown governments, states need to strengthen public institutions, the report says. “Policies that lower controls on foreign trade, remove entry barriers for private industry, and privatize state firms in a way that ensures competition—all of these will fight corruption.” Recent efforts in Uganda along these lines have had some promising results.

The worldwide trend toward democracy, with the number of independent democracies increasing from 39 (or one in four) in 1974 to 117 (or two out of three) today, is another encouraging development. In addition, decentralization of government “is bringing many benefits in China, India, much of Latin America, and many other parts of the world.” Nevertheless, the report says, “central government will always play a vital role in sustaining development.”

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There is no reason to deny the *Times*' observation that I managed to raise congressional (and other) hackles by speaking up for the values and practices that have earned the Center international acclaim for three decades. Happily, there has always been support as well from legislators of both parties in both chambers: two scholar-statesmen, former senator Mark Hatfield (R.-Ore.) and Representative David Price (D.-N.C.), have been especially true friends.

If we find ourselves more beleaguered than usual, I would suggest that

this is because we are living in a society that increasingly looks for instant solutions and quick fixes. To the extent that this is true, the case for an institution like the Woodrow Wilson Center is surely all the stronger. Although it is not my place to prescribe for the Center's future after my departure, I do fervently hope that our Board of Trustees and my successor will remain true to the essential tradition of the Center and that they will enjoy more success in persuading those upon whom we depend of its vital importance.

Charles Blitzer  
Director

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