d'Ivoire and Peru, the numbers are six and 10 percent, respectively. Images of teeming cities may give the impression that the countryside has been drained of people, but a few million city dwellers added over the course of decades is a drop in the bucket in a country of many millions.

One explanation for the disinclination to migrate is that earning more money simply is not the highest priority of many poor people, the authors say. But there's more to it than that. A study in Kenya showed that while farmers who used fertilizer could vastly increase crop yields, few chose to do so, pleading poverty. Yet when aid workers offered to sell them a fertilizer voucher at harvest time (when they do have cash) good for later redemption, many took the deal. Then something even more curious happened. Most immediately redeemed their vouchers, and stored the fertilizer for later use—the very option they'd always declined in the past. They seemed to need a little push. "One senses a reluctance of poor people to commit themselves psychologically to a project of making more money," Banerjee and Duflo write. "Perhaps at some level this avoidance is emotionally wise: Thinking about the economic problems of life must make it harder to avoid confronting the sheer inadequacy of the standard of living faced by the extremely poor."

ECONOMICS, LABOR & BUSINESS

Outsmarting the Market

THE SOURCE: "What Are Stock Investors' Actual Historical Returns? Evidence From Dollar-Weighted Returns" by Ilia D. Dichev, in ***The American Economic Review***, March 2007.

"Buy and hold" is the mantra of many investment gurus. Rather than try to time the market or pick winners and losers, they say, individual investors should put their money into a representative basket of stocks and forget about it. Good advice, says Ilia D. Dichev, an economist at the University of Michigan's Stephen M. Ross School of Business. What a pity it's too simple for most people to follow.

The NASDAQ market, the main crash site of the Internet boom of the 1990s, would have produced handsome returns (9.6 percent annually) for a person who invested in 1973 and did nothing until 2002.

But even committed "passive" investors have a hard time sitting tight. People tend to put more money into stocks when the market soars and pull it out when it turns south. Most wind up buying high and selling low. In order to find out how investors actually fared, Dichev adjusted historical market returns to reflect the flows of money in and out of the market. That juicy 9.6 percent return on the NASDAQ? In fact, investors reaped only 4.3 percent on average. Results were better in other markets. A capitalization-weighted basket of stocks on the New York and American stock exchanges held from 1926 to 2002 returned an average of 9.9 percent annually. Investors who tried to outsmart the market saw an 8.6 percent annual increase.

Dichev's lesson: There can be a big difference between how *stocks* perform and how *investors* perform.

FOREIGN POLICY & DEFENSE

The Eisenhower Way

THE SOURCE: "Learning From Ike" by Jonathan Rauch, in ***National Journal***, April 13, 2007.

A new administration enters the White House, succeeding an unpopular president and inheriting a failing war in a volatile region, while being challenged on several fronts by the specter of nuclear confrontation. Such is the scenario that awaits the president who will take office in 2009, yet it bears many similarities to the situation when Dwight D. Eisenhower entered the White House in 1953. Though few presidents seem to look toward Ike as a foreign-policy model, his "brand of realism," says Jonathan Rauch, a *National Journal* senior writer, has "never been more relevant than it will be in the post-Bush cleanup that is about to begin."

In today's America, Rauch says, foreign policy is divided between hawks, who "think that peace comes from American strength," and doves, who "think that peace comes from international cooperation." Both camps, in his opinion,