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A handout, not a hand up

A popular approach to 'sustainable development' doesn't work, critics say

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THE HOLY GRAIL of international development has long been sustainability - creating markets and institutions that will flourish after Western donors have gone home.

In public health, many aid groups have embraced a strategy of stimulating demand for goods such as condoms, anti-malaria bed nets, and water-purification systems through education and advertising, and then selling them at very low prices through health clinics, kiosks, and itinerant vendors. One goal of this strategy, called "social marketing," is to create homegrown distribution networks that wouldn't exist if the products were simply given away. But another has been to persuade people to value products that are good for them, and for several decades it's been the conventional wisdom that unless people spend money on something they will be unlikely to value it - or use it. Give things away and they will be taken for granted, it's thought.

The proponents of social marketing point to dramatic successes. Population Services International, for example, sold some 49 million condoms in Zimbabwe in 2006 and takes partial credit for that nation's recent decline in HIV-infection rates, a first for a sub-Saharan country.

But in the last couple of years there has been a sharp backlash against this philosophy that has pushed its practitioners off-balance and led economists to take sides. Some officials with the World Health Organization have started to speak out against the practice. High-profile development scholars, including the Columbia University economist Jeffrey Sachs, have joined a chorus of criticism, and several economic studies have chipped away at the rationale behind social marketing. A detailed study of drug distribution in Kenya, published in the latest issue of the Quarterly Journal of Economics, finds that social marketing does not work, leaving more people to suffer. The debate is now roiling development circles, and its outcome may determine the shape of major worldwide efforts to combat malaria, AIDS, diarrhea, and other maladies that take millions of lives annually.

"You can't expect people with no money to buy bed nets," said Sachs during a visit to Angola last year. "Enough with social marketing!"

And this past August, Arata Kochi, head of the WHO's global malaria program, weighed in: The success of a massive bed-net-distribution campaign in Kenya in 2006, Kochi said, "ends the debate." The netting was given away, and the campaign helped bring the proportion of young Kenyan children in malaria-ridden areas who were covered by bed nets from 7 percent in 2004 to 67 percent in 2006.

For the study that appeared in the Quarterly Journal of Economics, the University of California at Berkeley's Edward Miguel and Harvard's Michael Kremer followed 30,000 students in the Kenyan district of Busia. Most of the students were infected with stomach worms, which cause anemia, diarrhea, listlessness, and depression. A Dutch nonprofit group that had been marketing deworming drugs to Kenyans agreed to take part in the experiment. It offered free treatment to students and parents at some schools while charging others subsidized fees ranging from 40 cents per family to \$1.30. Both campaigns were combined with efforts to teach people about the dangers of worms.

The researchers found that charging a fee for the relevant medicines brought use down from 75 percent in a school to 19 percent - a devastating result.

The economists also found that neither free distribution nor social marketing created the conditions necessary for sustainability: widespread appreciation of the drugs' value. That's partly because of the free-rider effect:

Once drug use became somewhat common, even people who hadn't taken the drugs shared in the benefits (because there were fewer sources of infection in the area). Those who were taking the drugs tended to stop, failing to perceive that they and their children were any better off than their neighbors.

Miguel and Kremer's conclusions: Only free, continuous distribution of drugs could maintain the progress against worms and keep people healthy, and goods with broad public benefits are ill-served by markets relying on personal choice.

A recent working paper by Jessica Cohen of the Brookings Institution and Pascaline Dupas of Dartmouth found a similar result for malaria nets in Kenya: Charging pregnant women 75 cents for the nets, a common practice, cut distribution within that population by 75 percent, the economists found - and there was no evidence that women who got free nets were any less likely to use them, challenging a central tenet of the social-marketing worldview.

Kremer argues that the logic of "free = life" has been so amply demonstrated that it should be extended to every basic health good, including condoms. Even the success of Population Services International in Zimbabwe, he says, does not prove anything. "As a logical matter, you can't know what would have happened had another strategy been followed," he says. "If condoms had been given away for free, perhaps more condoms would be used and AIDS rates fallen faster in Zimbabwe."

Understandably, Population Services International and other social-marketing groups feel rather besieged. For one thing, says David Olson, a spokesman for the organization, "We are not against free distribution at all." In 2007, for example, PSI projects that it will distribute 900,000 long-lasting insecticide-treated nets in Rwanda - 400,000 of which will be given away. Yet the group does continue to believe that subsidized markets can play a role in serving people a notch above destitution.

That perspective gained some support in a recent working paper by the economists Nava Ashraf, James Berry, and Jesse Shapiro, of Harvard, MIT, and the University of Chicago. In 2006, they sent marketers knocking on a thousand doors in Lusaka, Zambia, offering the homeowners Clorin, a water disinfectant, at a randomly chosen, discounted price. If the homeowners agreed to that price, the marketers then provided a second, random discount - which sometimes brought the actual price paid down to zero.

The people who initially offered to pay the most for Clorin were also the most likely to use it. Crucially, these were not necessarily the villagers with the most financial resources. That might be useful information, the authors argued, if an aid organization was distributing something in short supply and wanted to ensure that it was not wasted.

Miguel and Kremer report that they have done their own study of Clorin in Kenya, and while the results are preliminary, they indicate that charging for the product depresses its use.

Despite the rhetoric from some of its leaders, the World Health Organization has not ruled out the use of social marketing to distribute nets in better-off provinces and between major free-net campaigns. And some observers argue that the either-or rhetoric of the recent debate is profoundly unhelpful. In an opinion piece in a September issue of the British medical journal the *Lancet*, Christian Lengeler, director of the department of public health and epidemiology at the Swiss Tropical Institute, broke down some data from Kenya to underscore the contribution of various approaches: 10 percent of malaria nets currently deployed there were bought in traditional stores, 41 percent were provided "through clinics via social marketing," and 44 percent were handed out during the mass distribution of 2006, largely financed by the Global Fund to Fight AIDS, Tuberculosis and Malaria. (The numbers don't add up to 100 percent because the source of every net couldn't be determined.)

"Clearly the time has come to see differing strategies as complementary rather than as competing alternatives," Lengeler concluded.

Kremer counters that where the nets came from in Kenya has more to do with current distribution policies than what ideal distribution policies might be. But he, too, adds that he's not totally against markets. "I have nothing against people who sell Perrier," he says - or those who buy it. Just don't think, he adds pointedly, that selling Perrier will meet the water needs of the world's poor. ■

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