
FOREIGN AFFAIRS
What Went Wrong

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Shortly after the Second World War ended, an elite crew of American leaders conceived the idea of the Marshall Plan to nurse a prostrate Europe back to health. After selling the plan to the White House and Congress, the "Wise Men" presided over its execution in Europe. It was a spectacularly successful effort, perhaps the most effective peacetime foreign policy America has ever pursued.

Oh, for the men of Groton. Ten years ago, after the Cold War ended with the fall of the Berlin Wall, a new generation of American leaders, at a similar moment of triumphalism, set their minds on the task of building anew the vanquished lands of the Soviet empire. American advisers played the leading role in devising and implementing assistance for such countries as Russia and Poland.

Although there are some important bright spots, the results, on balance, are discouraging. Large patches of the former Soviet empire are more impoverished today than they were 10 years ago. The Russian economy is about half as big now as it was in 1989, and, as a small army of law enforcement investigators from the world over is discovering, the nation's most lucrative assets seem to have fallen into the hands of economic gangsters. Even countries whose economies have improved over the past decade, such as Poland, have experienced a surge in street crime, hunger, and other social-welfare maladies linked to economic distress.

Why has this help proceeded less successfully than the Marshall Plan? For many reasons, no doubt, but consider this one: The Marshall planners were men of practical, worldly experience, as embodied by the figure of George C. Marshall himself, an Army general renowned for his instincts and motivational skills--but with no particular gift for conceptual thinking. "Marshall was far from brilliant," and "his mind was more conventional than imaginative," the journalists Walter Isaacson and Evan Thomas wrote in *The Wise Men*, their 1986 book on the shapers of America's post-World War II destiny. But Marshall, who was 68 when he left the Pentagon to become President Harry S. Truman's Secretary of State, had a flair for running things.

By contrast, the key post-Cold War planners were pre-eminently men of theory--acknowledged wunderkinds in the dauntingly cerebral field of professional economics, but lacking in hands-on experience. This cadre is embodied by Jeffrey Sachs, a well-connected professor of international trade at Harvard University who played a leading role in devising reform efforts in Russia and Poland. Except as a jet-setting consultant, Sachs, whom *The New York Times* in 1993 called "probably the most important economist in the world," had never worked outside of a university environment.

The differences between the Marshall planners and the post-Cold War group were reflected in their handiwork. The Marshall Plan, which bestowed more than \$13 billion in aid throughout Western Europe in the late 1940s and early '50s, lacked a one-size-fits-all blueprint or model--its administrators accommodated themselves to widely divergent political and economic conditions in countries ranging from Italy to Britain. The post-Cold War recovery effort was guided by just such a universalist model--in this particular case, the so-called "Big Bang" model, which calls for a rapid and sweeping transition from communism to capitalism.

The remarkable success of Marshall and company compared with Sachs and company is not, of course, merely a matter of the difference between the pragmatic cast of the former group and the theoretical mind-set of the latter. Although the ex-Soviet lands have received substantial assistance from sources that include the U.S. government, the International Monetary Fund, and the World Bank, the volume of aid does not rival the then-spectacular sums of the Marshall Plan. Nor did the effort to promote recovery in the old Soviet lands claim as much political urgency as the Marshall Plan, which had a Cold War aim of blocking communist encroachment into Western Europe.

"The main difference is that we didn't have anything like a Marshall Plan this time around," Sachs told me recently. "We just didn't put in the effort in the 1990s that was at all comparable in magnitude, in philosophy, in ambition, in high-public profile, to what we did the first time around."

Sachs has a point, but even if there had been more money and urgency attached to the post-Cold War

effort, the sensibilities of the ascendant Big Bang school of planners would still have been a powerful force in shaping the direction of the assistance. And if there was not a massive allotment of funds in post-Cold War projects, there was an enormous transfer of American know-how, just as there was in the Marshall Plan. Such endeavors inevitably reflect the spirit of the age, and post- World War II and post-Cold War America are fundamentally different places. The question remains: How is it that grand theory came to trump practical knowledge as a guide to foreign- development projects?

This is not an academic matter. Aid to the post-Soviet world continues, and the scope and direction of any fresh assistance has become an increasingly contentious and political question on Capitol Hill and in the economic-development community. Amid Russia's severe distress, the Big Bang model of change is the target of a gathering storm of criticism on the left and the right. But the policy-making community is in danger of drawing the wrong lesson from the problems of the past decade. Perhaps the error was not the use of the Big Bang model in particular, but the turn to any model at all. Maybe the problem is the idea of models--the conception of the development of a society as a process that lends itself to a model, a notion that is a core tenet of the social sciences but can claim little support from the study of history and that was foreign to the Marshall planners. Instead of trying to find the magic model for development, Washington might more profitably focus on how to liberate its approach to these questions from the chains of any grand theory.

Big Bang or Evolution?

America's triumph in the Cold War, heralded by the fall of the Berlin Wall in the autumn of 1989 and culminating in the dissolution of the Soviet Union at the end of 1991, was pre- eminently a victory of ideology. From the perspective of the winners (and a good many of the losers), political, cultural, and economic pluralism had demonstrated its superiority over the precepts of Marxist-Leninism--and the system of terror and propaganda devised in Moscow to enforce these precepts.

It is thus not surprising that the Cold War triumph resonated most intensely in America's idea factories--among intellectuals based in universities, think tanks, and the government. In such quarters, the victory was cast in the most sweeping terms imaginable, as when Francis Fukuyama, deputy director of the State Department's policy planning staff, famously declared in a National Interest essay in the summer of 1989 that the world had reached "the end of history . . . the end point of mankind's ideological evolution."

But if grand history had ended, there now loomed, in many minds, a noble task: the conversion of the Sovietized lands to pluralism. How best to do this? Could it be done at all?

Some leading figures, such as Graham Allison, who was the dean of the John F. Kennedy School of Government at Harvard, called for a new Marshall Plan of massive financial assistance to the former Soviet Union. Although such aid never arrived in the amounts that Allison and others hoped for, their conception of an aid program was, in a fundamental sense, a departure from the original Marshall Plan.

The post-Cold War planners were principally interested in social engineering, in building an edifice of pluralism--a way of life that incorporates democracy, freedom of expression, and market-oriented economies--in lands that had mostly lacked such structures. The Marshall planners had the more modest aim of helping Western Europe rebuild its physical core--its roads, bridges, and factories. To the extent that they had a values agenda, it was focused on reviving Europe's democratic spirit that had prevailed there before the ill winds of fascism gathered force in the 1930s. "They wanted to restore Europe, not change it," Isaacson and Thomas wrote in *The Wise Men*.

Perhaps because post-Cold War thinking was so focused on abstract matters of values, efforts to assist the former Soviet Union failed to engage the top tier of America's business community. Nobody came forward, as was strikingly the case in the Marshall Plan, to help devise an aid program and administer it. Next to Marshall, the former Army general, the two most important Marshall planners were a pair of worldly business magnates: Averell Harriman and Paul Hoffman, who jointly presided over the Economic Cooperation Administration, the key Marshall Plan agency. Harriman, the son of railroad magnate E.H. Harriman, was a Groton and Yale graduate who developed his own international shipping and banking business and had personally conducted negotiations over mineral rights with the early leaders of the Soviet Union. Hoffman was a University of Chicago dropout who became a car salesman and worked his way to the top of the Studebaker Corp., which he took over during the Great Depression and led out of bankruptcy.

Neither Harriman nor Hoffman was an intellectual. "Averell was not quick or gifted with words," Milton Katz, one of his aides, once said. "Yet he had great intuition. His conclusions were right even when his reasoning was not persuasive." In the post-Cold War period, by contrast, the only U.S. business titan who established himself as a major player was the investor-philanthropist George Soros, and Soros was an ideas warrior who prided himself on his intellectual breadth. A Hungarian-born refugee from Hitler-dominated Europe, Soros was a follower of philosopher Karl Popper and his ideas on an open society. Soros, as a result, embarked on an idiosyncratic program to establish Popperian ideas in the former Soviet lands.

The debate over the possibilities of a post-Cold War "Marshall Plan" was thus dominated by professional

intellectuals and policy wonks in various reaches of Washington and the university world. For this crew, the question of how to bring pluralism to the former Soviet Union boiled down to one of two choices: the all-at-once strategy, advocated by the Big Bangers, whose ranks included many of America's most prestigious economists; and a gradualist tack, recommended by a smattering of unorthodox economists, political scientists, and historians with a speciality in the former Soviet lands.

Sachs, the prototypical Big Banger, was (and is) a professor on international trade at Harvard. Born in Detroit in 1954, Sachs graduated summa cum laude from Harvard and went on to earn a doctorate from there; at the age of 29, he became a tenured professor at Harvard. Before turning his attention to the former Soviet lands, he had advised a number of Latin American countries on how to solve their severe financial debt problems, and his prescriptions were widely credited with helping Bolivia surmount an inflation crisis.

Sachs framed Big Bangery in uncompromising terms. Asked, in a June 1991 interview for Omni magazine, why speed was so important to his approach, he replied: "Because you are moving from one internally consistent system to another in moving from communism to capitalism. Gradualism doesn't make sense. It's as if the British decided to shift from driving on the left to the right side of the road, and the more cautious said, 'Why don't we do it gradually? Let's move the trucks to the other side first!'"

Big Bangers gave a primacy to economic reforms--in particular, the need to proceed as rapidly as possible with "privatization," the task of putting publicly owned enterprises into private hands. This step, these folks argued, would in itself supply momentum to the broader goal of establishing a democratic civic culture. There was a general belief that man--"economic man"--was the same everywhere: A being who would respond rationally and healthily to profit-making incentives.

The Evolutionists had no such belief. Embodying their perspective was Peter Murrell, a University of Maryland professor of comparative economics, a speciality geared to the study of how different economic systems take root in different types of societies. Born in Norwich, England, in 1950, Murrell settled in America upon beginning graduate work in economics at the University of Pennsylvania in the early 1970s. Comparative economics was his way of combining a facility in mathematics with an interest in history and geography.

Murrell's embrace of gradualism derived in part from a native distrust of grand paradigms. "The transformation of the centrally planned economies into market economies is an immensely complicated task for which economic theories can only provide loose metaphors, rather than precise lessons," he wrote in a July 1991 paper. "Economists are not so fortunate as engineers assigned to build a bridge, armed with a simple goal and with hard-and-fast, and tested, scientific principles." Murrell's cautious prescription: Instead of proceeding with a program of rapidly putting state-owned enterprises, large and small, into private hands, centrally planned economies "should focus on the positive effects of building a market economy by encouraging the growth of a nascent private sector."

Because both the Big Bangers and the Evolutionists drew on reams of academic studies to back up their formulas, their debate had an eggheadish quality that the original Marshall planners may well have found arid and unhelpful. Nevertheless, between the two perspectives, the Evolutionist view was certainly closer in spirit to the experiential wisdom that guided the Marshall Plan. Although the Evolutionists were theoreticians, theirs was a kind of anti-theory theory--a belief that grand models did not work and that improvisation was a necessary feature of development. The Marshall Plan proceeded, by happenstance, not forethought, along just those lines. "A lot of people think that the Marshall Plan was a plan in advance," William Diebold, a State Department economist back in the days of the Marshall Plan. "But the Marshall Plan," Diebold said, "was not a plan"--it was improvised as events unfolded, often in unanticipated ways.

And like the Marshall planners, the Evolutionists view economic life as something that needs to be bounded by political institutions. Murrell and other Evolutionists stress the need for the new societies to develop a cadre of bank regulators, civil-justice officials, accountants, and others to establish and police the boundaries of an emergent private sector. This sort of old-fashioned view of "political economy" was very much in vogue in post-New Deal America, and the Marshall planners devoted considerable energy to helping postwar Western Europe fashion new political mechanisms to supervise the economy. In those days, "the idea of distinguishing between economic and political analysis meant you were slightly feeble-minded," Diebold recalled.

Big Bangery Triumphant The debate between Big Bangers and Evolutionists had enormous practical implications for post-Cold War assistance programs. Contrary to what tends to be the accepted wisdom today, there was a quite specifically laid-out alternative to Big Bangery--a formula policy-makers could have chosen. Nevertheless, this debate never quite broke out of narrow university and think-tank circles and the pages of obscure journals. Within two years of the Wall's fall, Big Bangery was established orthodoxy at every Washington-based institution that mattered: the U.S. Treasury Department, the U.S. Agency for International Development, the International Monetary Fund, and the World Bank. These were the agencies that supplied loans, grants, and other types of assistance to the former Soviet world--and they made such aid conditional on the adoption of Big Bang prescriptions. Moreover, Washington sent the message out to the field. "Privatization is our first, second, and third priority," a U.S. AID bureaucrat in Central Europe told

Janine Wedel, an anthropologist who's the author of a recently published book, *Collision and Collusion*, on Western assistance to Eastern Europe.

Why did Big Bangery rout Evolutionism? One intriguing reason, Murrell suggested in a recent interview, is that "a piecemeal approach to planning goes with a feeling that you don't have the answer. The type of people who didn't believe in shock therapy"--another term for the Big Bang approach--"were the sort of people who didn't have as much confidence in their ideas."

For whatever reason, few people challenged Big Bangery in the unequivocal terms in which Big Bangers rejected gradualism. "The political scientists and historians and anthropologists were much too intimidated by the economists and didn't stand up to them enough," Peter Reddaway, a veteran Russia specialist in the political science department at George Washington University, recently told me. Reddaway himself was an early and highly vocal opponent of Big Bangery. But Big Bangers dismissed him as overly pessimistic when he warned, as he did in a paper prepared for an August 1991 conference of the Aspen Institute, that "democracy and the market normally develop over decades" in countries lacking a pluralist tradition.

The confidence and optimism of the Big Bangers, joined with the bigness and boldness and easy communicability of their ideas, made for an irresistible package for the news media. From 1989-93, Murrell received a paltry 15 citations in the Nexis- Lexis database; Sachs, 1,193. In an admiring profile in *The New York Times Magazine* in June 1993, Peter Passel, *The Times'* veteran economics writer, called Sachs "now probably the most important economist in the world" and endorsed the Big Bang approach. "There is good reason to believe that Russia's future will turn on how well its leaders learn the catechism of change that he has worked so hard to promulgate." Such press coverage raised the Big Bangers' profiles not only in Washington, but also in the capitals of the former Soviet lands, whose ears both the Big Bangers and the Evolutionists were trying to reach.

Political Washington was enthralled with Big Bangery as well--there was no sustained attention to the Evolutionist perspective on Capitol Hill. With its stress on a plunge into private enterprise as the best path to pluralism, Big Bangery fit the prevailing conventional wisdom of post-Reagan America--the idea that markets and not governments are the surest guarantors of not only prosperity but political freedom and stability as well. The Marshall planners, of course, operated in a domestic political culture, shaped by the Great Depression and New Deal, that had concluded quite the opposite--that unbridled capitalism, as existed in the Roaring Twenties until the stock market crashed, was a recipe for economic catastrophe.

If the Peter Murrells in the Reaganomics era were swimming against a powerful political tide, free-market-oriented economists such as Sachs enjoyed enormous deference. To be sure, there were critics. The savings and loan debacle of the 1980s, such critics said, was at least in part the consequence of a deregulation theory that looked great in an economics 101 textbook but went awry in practice.

Nevertheless, economists could point to the successful application of their nostrums in Latin America, where such countries as Bolivia followed the advice of Sachs and others to whip rampant inflation and reduce their foreign debt. In an influential essay in 1990, economist John Williamson of the Institute for International Economics in Washington declared that "political Washington" (Congress and the top tier of the executive branch) and "technocratic Washington" (economic policy agencies and think tanks) had reached basic agreement on a "desirable set of policy reforms" for how developing countries could implant market-oriented systems. Such steps included the elimination of price controls and the instituting of privatization. Although Williamson's focus was Latin America, many economists believed that the "Washington consensus," as Williamson called it, could be applied with equal success to the former Soviet lands.

In this atmosphere, leading Big Bangers came to dominate the key policy positions in the U.S. government and became advisers to the new governments of formerly communist countries. There was no great difference in approach between the Bush and Clinton Administrations, but Clinton's Treasury, in the figure of Lawrence H. Summers, had an especially influential advocate of Big Bangery. As the chief economist of the World Bank from 1991- 93, Summers had helped to establish this approach as orthodox policy. In 1992, even as Murrell and Harvard economist Martin L. Weitzman were warning against Big Bangery, Summers spoke of an "economists' consensus" that such steps as privatization must be completed "as soon as possible" in the ex-Soviet empire.

Summers entered the Treasury in 1993 as the undersecretary of international affairs. He was 39 years old and at the pinnacle of his prestige--he was the recipient that year of the coveted John Bates Clark Medal, given every two years to the most outstanding young American economist. During his World Bank tenure, he nearly ruined his prospects for advancing in Washington by writing a sarcastic memo on the favorable economics of shifting pollution to the developing world, in which he declared: "I think the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable and we should face up to that." But he apologized for that episode and his standing recovered. At Treasury, Summers became a point man for the Administration's policy on aid to the former Soviet territories after Clinton's first Secretary, former Texas Sen. Lloyd Bentsen, and Bentsen's successor, Robert E. Rubin, gave him wide leeway.

Summers, in turn, brought in David Lipton, a Harvard-trained economist, as his leading aide on policy to the region. Lipton had been a vice president of Sachs' consulting firm and had visited many of the countries with Sachs and written papers with him on how to pursue "transition" issues. In 1995, when Summers moved up a rung from undersecretary for international affairs to deputy secretary, he tapped Lipton as his replacement. (In July, Summers replaced Rubin as Secretary.)

In the former communist countries themselves, Evolutionists popped up in such places as Mongolia, which Murrell advised, with financial support from U.S. AID. But Big Bangers claimed the glamorous spots. Sachs played a leading role in Poland and Russia, and U.S. AID turned to a protege of Summers, Andrei Shleifer, a Russian expatriate who was a Harvard economics professor, to manage its program in Moscow to help Russia privatize its economy rapidly. Shleifer had previously taught at the University of Chicago, which he had been inspired to join by the careers of conservative economists Milton Friedman and George Stigler. He was widely viewed as one of the world's leading theorists on questions of how countries could shift from planned to market economies.

Thus did a group of 30-something social scientists come to command America's policy for establishing pluralism in the former Soviet lands. There was no precedent for this--not in the Marshall Plan or in any other major U.S. foreign-aid effort. There were intellectuals deeply involved in the creation and general oversight of the Marshall Plan--most prominently, George Kennan. But Kennan was not a social scientist; he was a Soviet specialist who spoke the Russian language fluently, a Foreign Service officer who had served in the U.S. Embassy in Moscow and whose writings from that post and others were imbued with a deep sense of history. Big Bangery was an experiment, and so was the idea of entrusting so much power to a group of people whose principal experience lay in the practice of social science.

Big Bangery in Practice The two most important applications of Big Bangery took place in Poland and Russia. These days, Poland is generally viewed as the theory's biggest success and Russia as its greatest disaster, but a thick cloud of revisionism has obscured important truths about both episodes, thereby distorting the debate now raging in Washington over whether Big Bangery worked.

After the Wall fell, Poland was one of the first Soviet-orbit countries to launch a broad program of economic reform. Western economic consultants, including Sachs, were deeply immersed in this effort. Sachs advised Poland to do two big things: decontrol state-set prices, which were set artificially low, to allow suppliers to receive a market return on their goods; and institute a mass privatization program to place ownership of state enterprises in the hands of ordinary citizens. The citizens would be given vouchers that represented shares of ownership in the formerly public companies, and planners expected them to exchange such vouchers for shares in venture funds whose managers would oversee the enterprises in a professional and capitalistic style. This was the standard Big Banger formula for privatization.

The Polish government proceeded with price decontrols, a step that, as anticipated, produced a spike that staggered consumers but also rewarded the economy with bountiful new Western goods. The political system bumpily absorbed the outcry of sticker-shocked voters, and the turn toward capitalism gave momentum to the emergence of a middle class with a stake in the new political and economic order. As critics point out, some regions of Poland, far from the eyes of Warsaw-based journalists, were plunged into an economic depression with all of its attendant social ills, but even Big Bang skeptics generally concede that price decontrol helped launch Poland onto an improved course.

Poland's privatization story is another matter altogether. The recommendation of American advisers notwithstanding, Poland did not proceed with a mass privatization program. There was substantial resistance to this step from Polish political and industry leaders; the country, instead, adopted a more gradualist approach, devised by Poles themselves. The Polish approach has generally worked well. Sachs told me recently that Poland adopted his counsel on numerous issues, but "yes, my advice on privatization in Poland was largely not taken--and maybe for the best."

Then there's Russia. In the early 1990s, Russia embarked on a Big Bang overhaul of its economy that leading American economists and policy-makers, including Summers, Sachs, and Harvard professor Shleifer, helped devise and execute in conjunction with fellow-spirited reformers grouped around President Boris N. Yeltsin. This program included both price decontrols, a la Poland, and a series of privatizations of large and small state-owned enterprises that involved an ambitious scheme for giving vouchers to the mass of ordinary Russians, something that was not done in Poland.

Price decontrol shocked Russian consumers quite a bit more than it had the Poles. Many Russians lost their life's savings. It also contributed to a political backlash that discredited the Yeltsin reformers in the eyes of ordinary Russians and elevated the communists to power in the parliament. The policy sparked sustained opposition from Russia specialists in the U.S. Embassy in Moscow, but their counsel was rejected. Still, as Big Bangers point out, it is conceivable that this effort could have fared better had America and the West provided greater and more timely financial assistance to Russia for such purposes as helping stabilize the ruble.

The Russian privatization program is now widely conceded to be a tragic and politically costly failure--and a

failure rooted in its very design. Many ordinary Russians sold their vouchers--the slips of paper redeemable for shares in Russian industries--to sharp operators, including criminal gangs and politically connected bigwigs, who used them to acquire controlling stakes in formerly state-owned enterprises. The voucher program was thus one, if not the only, avenue through which a clique of oligarchs came to dominate the new Russian capitalism. Moreover, the mass privatization program, far from severing economic life from politics, as the American economic advisers hoped it would, became identified in many Russian minds with a rip-off, hatched by a cabal of Western-oriented Russian intellectuals and business titans who were in cahoots with American advisers.

Under the Marshall Plan, American aid-givers established a collegial relationship with European aid-receivers and afforded the recipients considerable leeway. "The principle of self-help, to which the Americans generally adhered, gave the Europeans a good deal of control over their own destinies and a good deal of leverage over the Americans," Michael J. Hogan, a historian at Ohio State University, wrote in his 1987 book, *The Marshall Plan*. "Participating countries were not clay in the hands of American potters."

But the spirit of the post-Cold War efforts, in Russia especially, was quite different. The relationship between aid-giver and -receiver was more like that of teacher-pupil--the American economic advisers, professors hailing from the world's most prestigious citadels of free-market-oriented economic thought, worked largely with local intellectuals who had imbibed and subsisted on such theories in the dark days of communism. Although the point of the project was to build a lasting edifice of pluralism in Russia, there was little effort to build support in the society at large for the new economic formula--indeed, when the Russian parliament began to balk at the rapid-privatization program, the reformers shifted to a strategy of implementing the changes by presidential decree. Many of the privatization regulations were written by an American, Jonathan Hay, a Rhodes scholar and recent graduate of Harvard Law School whose work was sponsored by sources that included U.S. AID and the World Bank. Having cast off Leninism, the new Russia thus found itself in the grip of what Reddaway of George Washington University aptly called "Market Bolshevism"--a doctrine imposed on the masses by an elite crew of true believers.

Beyond Revisionism How times change. Ten years ago, the Evolutionist perspective on how to convert the former Soviet lands to pluralism had trouble finding an audience. These days, amid the wreckage of Russia's economy, prominent figures are coming to the fore with the same arguments that Peter Murrell made just after the Wall fell.

Today's enlarged ranks of Evolutionists include Joseph E. Stiglitz, the chief economist of the World Bank, a former chairman of the Council of Economic Advisers under President Clinton, and a former economics professor at the Massachusetts Institute of Technology with all of the standing that such a prestigious post brings in the economics fraternity. Stiglitz shocked this fraternity with a recent research paper that dropped like a boulder into this small pond. Assessing 10 years of "the transition," he concluded that Big Bangery was a fundamentally flawed idea--defective at its very roots. He called for a shift to a Murrell-like approach that would use "our knowledge and experience to work to improve the bottom-up approach to transformation"--rather than relying on "utopian social engineering" and "idea models."

Nearly a decade ago, Sachs told *Omni* that capitalism and communism were incompatible systems and that "every time you mix the two, it leads to an explosion." But Stiglitz pointed out that the leaders of China, who tend to pay little attention to bigwig Western economists, had achieved tremendous growth in their economy over the past 10 years by taking a gradualist approach of grafting elements of capitalism onto a communist system. It was Russia that had become dynamite, not China, after opting for the Big Bang.

Will the model-makers take such bracing criticism to heart? The evidence so far is not promising. Although Sachs now says he was wrong about mass privatization--as it turned out, "not a good idea"--other Big Bangers are more focused on exterminating heresy. "Stiglitz is a striking embarrassment to himself and the World Bank," said Anders Aslund, an adviser to Russia in the early 1990s who's now an analyst at the Carnegie Institute for International Peace in Washington. "Without knowing anything, he mounds any stupidity that comes into his head." World Bank President James Wolfensohn reportedly would be happy to see Stiglitz return to some less-visible post in academia. Indeed, Stiglitz announced on Nov. 24 that he would leave the World Bank at the end of the year and return to Stanford University. Meanwhile, on the strength, in part, of his theories on privatization, Shleifer recently won the John Bates Clark Medal.

There doesn't, in short, seem to be much of an effort to address the primary question of how valuable development models are to begin with. And this is both depressing and tragic. Everyone knew that the people inhabiting the lands of the Soviet empire could not escape from their way of life--a way of life that both sharply limited their opportunities and protected them from risk--without pain. But the application of Western-inspired grand models of social change caused more suffering than necessary.

The unmodel-like Marshall Plan was not only more effective than the Big Bang approach, but also more humanistic. Indeed, it might even be said that it was more effective because it was more humanistic--because it was more firmly rooted in common sense and because it was devised by people who saw the world not in terms of theory, but in terms of practice. Although there are plenty of folks today who share that angle of vision, they remain on the fringes of power, and therein lies a great difference, and a sad

difference, between the two ages.

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