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Economists' fatal flaws

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Letter

Economists' fatal flaws

Jeffrey Sachs states that life expectancy of poor people is falling in many places in the world ("Why the poor get poorer," June 3, page 9). And yet a prime aim of international development policy is to reduce the proportion of people in poverty.

There is something wrong here. The proportion will fall faster if more poor people die earlier. The proportion is not an indicator of success of hungry people unless you know that survival rates are improving.

Let us hope that the UN will recognize this as soon as possible. Let us also hope that social scientists will, in their outcome measures, count survival as a good outcome in itself rather than of no welfare value.

Let us also hope that one day economists will recognize that income is not a measure of poverty unless the inflation rate for the poor is taken into account. No studies of the world's poor people have done this: they have relied at best on the overall inflation rate in a country.

Why anyone should think that the cost of rice always changes at the same rate as non-essential goods is beyond me. Adam Smith noted an observable difference between the inflation rate for food and that for the overall economy in 1776.

There are other common flaws in economic research on poverty: such as failure to take into account a) that extra items of expenditure may be needed in cities, where more poor people now live, and b) that the ratio of adults to children is rising in many countries, and adults need more food.

Together, the mortality flaw and the inflation flaw, in particular, may have contributed to the devising of policies which, though they made the statistics look better, made the condition of poor people worse.

The economic statistics available at present can neither confirm nor deny that. What is available is information on life expectancy and child survival.

One day, perhaps poverty experts will understand a simple matter of common sense: if hungry people eat more, they live longer.

The economics of hunger is measured in years.

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