

Free exchange: Penury portrait

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<http://www.economist.com/news/finance-and-economics/21582233-consensus-raising-people-out-poverty-surprisingly-recent-penury>

Complainant's points:

1. Mercantilist thinking such as the idea that poverty was socially useful cannot have "*dominated European thought*" between the 16th and 18th centuries, since most people were poor. ⁱ
2. Similarly, "*The notion of schooling the poor to a better life seemed absurd in the era of de Mandeville*"; and "*That attitude [ie that "the surest wealth consists in a multitude of laborious poor"] was the norm*" cannot be true. ⁱⁱ
3. "Scholars buttressed the theory with empirical evidence that high initial levels of poverty reduced subsequent growth in developing countries" seems to mislead, since it seems to refer to the part where Professor Ravallion is referring to his own research from last year. ⁱⁱⁱ
4. It is not easy to find evidence in Professor Ravallion's paper for the Economist's idea that it was economic models which allowed policymakers to see "how low levels of education, health and nutrition could keep people stuck in penury". ^{iv}
5. The Economist appears to mislead by implying that it was advances in economic models, rather than targeted bursaries, from which conditional cash transfers developed. ^v
6. The article gives the misleading impression that the poor were, and are, a minority.
7. The article misleads in drawing such a contrast between old and new economic thinking, since the current and proposed official aims of eradicating extreme poverty are based on the idea that the poor are better off if they spend more.

8. The errors, distortions and misleading content combine to distort the evidence in such a way that the old "bad" ideas from economists are misleadingly presented as having been widely shared, while the new "good" policies are presented as having come from, to an extent which is exaggerated relative to reality, from economists.

i

The views of the rich minority are not "European thought" now and they were not then. Mercantilist thinking may have dominated formal economic theory.

ii

Here again, the Economist is talking about economists but wrongly implying that the views were normal amongst people.

iii

Professor Ravallion wrote: "Ravallion (2012) provided that evidence, and it is compelling in showing that it is not high initial inequality that impedes the pace of poverty reduction at a given rate of growth, but high poverty."

iv

The Economist wrote,

""the horrors of the Depression in the 1930s led many to re-evaluate the idea that poverty was mainly the result of people's own actions. Advances in economic models meanwhile allowed policymakers to see how low levels of education, health and nutrition could keep people stuck in penury."

v

"Policies to subsidise education or health care were desirable not merely for their own sake but also because they would help people break out of poverty. The growth of "conditional cash transfers", schemes like Brazil's *Bolsa Familia* that give poor people money as long as they send their children to school or have them vaccinated, are logical developments of these ideas"

appears to mislead, since the cash transfers seem in fact to have developed from targeted school bursaries put into practice after the Beveridge Report of 1942, which themselves were preceded by schools providing relief from fees.