

PROCESO SELECTIVO PARA LA PROVISIÓN DE UNA PLAZA DE TITULADO/A SUPERIOR LICENCIADO/A EN ECONÓMICAS, (IDEPA), EN TURNO DE ACCESO LIBRE Y RÉGIMEN DE CONTRATACIÓN LABORAL POR TIEMPO INDEFINIDO (BOPA DE 05/03/2009).

TERCER EJERCICIO

POOR ECONOMICS

A radical rethinking of the way to fight Global Poverty

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The positions that most rich-country experts take on issues related to development aid or poverty tend to be colored by their specific worldviews even when there seem to be, as with the price of the bed nets, concrete questions that should have precise answers. To caricature ever so slightly, on the left of the political spectrum, Jeff Sachs (along with the UN, the World Health Organization, and a good part of the aid establishment) wants to spend more on aid, and generally believes that things (fertilizer, bed nets, computers in school, and so on) should be given away and that poor people should be enticed to do what we (or Sachs, or the UN) think is good for them: For example, children should be given meals at school to encourage their parents to send them to school regularly. On the right, Easterly, along with Moyo, the American Enterprise Institute, and many others, oppose aid, not only because it corrupts governments but also because at a more basic level, they believe that we should respect people's freedom—if they don't want something, there is no point in forcing it upon them: If children do not want to go to school it must be because there is no point in getting educated.

These positions are not just knee-jerk ideological reactions. Sachs and Easterly are both economists, and their differences, to a large extent, stem from a different answer to an economic question: Is it possible to get trapped in poverty? Sachs, we know, believes that some countries, because of geography or bad luck, are trapped in poverty: They are poor because they are poor. They

have the potential to become rich but they need to be dislodged from where they are stuck and set on the way to prosperity, hence Sachs's emphasis on one big push. Easterly, by contrast, points out that many countries that used to be poor are now rich, and viceversa. If the condition of poverty is not permanent, he argues, then the idea of a poverty trap that inexorably ensnares poor countries is bogus. The same question could also be asked about individuals. Can people be trapped in poverty? If this were the case, a one time infusion of aid could make a huge difference to a person's life, setting her on a new trajectory. This is the underlying philosophy behind Jeffrey Sachs's Millennium Villages Project. The villagers in the fortunate villages get free fertilizer, school meals, working health clinics, computers in their school, and much more. Total cost: half a million dollars a year per village. The hope, according to the project's website, is that "Millennium Village economies can transition over a period from subsistence farming to self-sustaining commercial activity."

On a video they produced for MTV, Jeffrey Sachs and actress Angelina Jolie visited Sauri, in Kenya, one of the oldest millennium villages. There they met Kennedy, a young farmer. He was given free fertilizer, and as a result, the harvest from his field was twenty times what it had been in previous years. With the savings from that harvest, the video concluded, he would be able to support himself forever. The implicit argument was that Kennedy was in a poverty trap in which he could not afford fertilizer: The gift of fertilizer freed him. It was the only way he could escape from the trap. But, skeptics could object that if fertilizer is really so profitable, why could Kennedy not have bought just a little bit of it and put it on the most suitable part of his field? This would have raised the yield, and with the extra money generated, he could have bought more fertilizer the following year, and so on. Little by little, he would have become rich enough to be able to put fertilizer on his entire field. So is Kennedy trapped in poverty, or is he not? The answer depends on whether the strategy is feasible: Buy just a little to start with, make a little extra money, and then reinvest the proceeds, to make even more money, and repeat. But maybe fertilizer is not easy to buy in small quantities. Or perhaps it takes several tries before you can get it to work. Or there are problems with reinvesting the gains. One could think of many reasons why a farmer might find it difficult to get started on his own.