LETTERS TO THE EDITOR

Adult education is key to poverty reduction

I agree with Shantayanan Devarajan and Ritva Reinikka (September 2003) that effective service delivery arrangements can help countries reach poor people and move toward the achievement of the Millennium Development Goals (MDGs). This is particularly true for many countries in sub-Saharan Africa, where, even if overall economic resources increase, the effect on the poor will not be visible without service delivery reform.

But from my point of view as a grassroots practitioner in rural Africa, the authors neglect to mention a key factor: adult education and local community capacity building. Adult illiteracy rates are still high in rural areas where most of the poor in Africa live. This leads to poor knowledge about basic issues, such as health, HIV/AIDS, and the environment. Poor education and low income are among the main obstacles that the present generation must overcome to achieve the MDGs that target future generations.

Adult or community education, mass literacy campaigns, and the like are no longer fashionable in the development language of today, which is more market oriented. But if the first MDG on income is met and the basic knowledge gap of the poor is bridged, then we can expect the poor to interact better with service providers and policymakers and thereby contribute to the achievement of the other MDGs relating to children, youth education, health, the environment, and the global partnership for development.

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"Institutions, Institutions, Institutions"

I agree with the point made by Allan Meltzer (June 2003) about good institutions being the main factor behind the economic success of Hong Kong. Even now that Hong Kong is taking an economic beating and mainland China is surging ahead, Hong Kong still has the institutional edge (something that, unfortunately, seems to be lost on the leaders in Hong Kong). The crucial factor for developing an economy is "institutions, institutions, and institutions."

Why do bad institutions persist long after their disastrous consequences are apparent? This is the question addressed by Daron Acemoglu in "Root Causes." Mismanaging an economy over a long period will result in powerful vested interests. Any reform that threatens vested interests will be resisted. The only feasible—though sometimes morally reprehensible—solution is to strike a deal with the vested interests so that the economy as a whole can gain.

Nowhere is this more true than in the Philippines, which was colonized for 400 years by Spain and then for 50 years by the United States. The past has nurtured a group of powerful landlords who own vast tracts of land. They are well entrenched in politics because they want to protect themselves from any adverse changes. For these reasons, no government has so far been able to address the resource imbalances. In theory, the vested interests also suffer from this imbalance because the country cannot grow with a clueless government. But, in practice, the fear of losing what they have dominates the thinking of those in authority. Acknowledging the problem is the first step to finding the solution. That is why the existence of these articles in an IMF publication gives me hope for the development community.

WONG Chiu Ying
Manila

Feet of clay

While I enjoyed reading your articles about the IMF's ability to predict financial crises (December 2002), I had a sinking feeling about the prescriptions for addressing the worsening balance of payments, the troubling current account deficit, and growing unemployment in the United States. The colossus that currently dominates the world economy has feet of clay. The latest fiscal crisis of the American welfare state implies, at best, an empire run on a shoestring, at worst a retreat from nation building as swift as the original advance toward it. I urge you to focus on this impending crisis because of its worldwide implications for the international system.

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Note: For more on the U.S. economy, see pages 36 and 55.

Workers' rights and the Washington Consensus

In his discussion of the Washington Consensus, John Williamson (September 2003) added income redistribution to his list of policies. However, "empowering the poor by giving them access to assets that will enable them to work their way out of poverty" may not by itself be sufficient. The recognition of workers' rights is another important aspect. The International Labor Organization (ILO) has identified workers' rights to organize and bargain collectively as a fundamental human right, irrespective of countries' overall level of development. Nevertheless, some large democracies such as the United States and India do not recognize this basic right. This is one reason why income disparity is very pronounced in these two countries compared with others that do recognize workers' rights, such as Norway and Italy.

Let me also add that worldwide experience with corruption indicates that privatization of public enterprises ought to be removed from the list of policy measures in the Washington Consensus. Deregulation has proved to be sufficient to encourage competition and bring about desirable transformation of the public sector.

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