LETTERS TO THE EDITOR

Amartya Sen—a contrarian view

I read with great interest the brilliant piece on Amartya Sen ("Freedom as Progress," September 2004). As an Indian economist from Santiniketan where Professor Sen studied, I take a great interest in what he says and does. While I am an ardent admirer of Professor Sen, no portrayal should be adulation only. There is always a flip side—imperfection is part of any man or woman! So let me suggest a contrarian view.

While it is true that Professor Sen conducted pioneering research on poverty and hunger, he was not the first to argue that it was an ineffective entitlement system rather than a decline in food availability that triggered famines. Jawaharlal Nehru and Mahatma Gandhi both expressed similar ideas back in the 1920s. Professor Sen's recipe of democracy, freedom, and a free press as insurance against famine in poor countries is utopian, since it doesn't recognize the fact that in most, if not all, developing countries democracy is obtained in form and not in fact, that freedom erodes into license, and that the press tends to be partisan and unethical despite some honorable exceptions. In many poor countries, politics is a conflict between the short-term interests of self-serving politicians and the long-term interests of peaceful, sustainable development.

Professor Sen points to the social achievements of the state of Kerala as exemplary, but he has offered little or no policy advice to resolve the current Kerala model muddle (massive unemployment, highly educated yet unemployable youth, high mortality rates, self-defeating consumerism, an alarming occupational shift away from the farming sector, "Dutch disease," and a widening rich-poor divide).

Although Professor Sen has stressed the importance of land reforms in India, he has not said that the overriding need is a democratization of access to, and ownership of, assets—as was achieved in China.

Finally, it is incorrect to suggest that Professor Sen has founded an innovative science of human development. He has merely shifted his stance from time to time among mainstream economics, Marxian economics, and humanistic economics, not owing steadfast allegiance to any of them.

K. John Mammen
Development economist
Kerala, India

What pace works best for reform?

I agree with John McMillan ("Reform: What Pace Works Best?," September 2004) that reforms in developing countries should be gradual and piecemeal rather than rapid and comprehensive, as proposed by Oleh Havrylyshyn. McMillan's approach takes into account the difficulties in implementing reforms that promote growth and well-being in the developing countries.

Every reform strategy requires that the following two fundamental conditions be met. First, the reform program must fit the country. A "one-size-fits-all" approach that doesn't take account of the diversity of political and administrative systems will be futile. Second, reform programs must also have a step-by-step logic that is iterative and interactive. For instance, any attempt to launch a privatization program without first completing financial reforms would be doomed to failure.

Most developing countries—particularly in sub-Saharan Africa and to a lesser extent in North Africa—find themselves in a vicious economic cycle of low GDP growth, soaring fiscal deficits, structural unemployment, little foreign direct investment, high debt levels, and chronic trade deficits. Opening these economies to world markets is no solution, as it would only exacerbate their social and economic vulnerability in the face of international competition.

So far, the IMF's approach—based on poverty reduction strategy papers—has failed to bring about real development. The IMF should instead develop a short-term emergency facility that would act as a springboard for sustainable development. In the long term, however, the entire reform process needs to be rethought.

Hicham Houari
Ministry of Finance and Privatization
Morocco

IMF must take on corruption

Cyrus Rustomjee ("Why Developing Countries Need a Stronger Voice," September 2004) correctly observes that the five-year history of the IMF's Poverty Reduction and Growth Facility includes numerous failures in sub-Saharan Africa. In my own country, Cameroon, failure was due to bad governance in general and corruption in particular. Bad governance runs riot in sub-Saharan Africa because there is no rule of law in most of the countries. What follows is permanent political instability and institutional fragility, which allows corruption to flourish and makes planning risky.

IMF programs in low-income countries will only succeed if they are preceded by an improvement in democracy and the rule of law. As long as the IMF does not show greater determination in combating corruption by exerting pressure on governments to take effective measures, it will not fade away. Such pressure, as long as it does not undermine the regime itself, could swing these countries toward greater transparency, for instance by forcing governments to regularly declare their financial net worth or publicize their management of the national budget. This was tried in Uganda with positive results, despite the fact that this country is no model of democracy.

Evariste Fopoussi Fotso
Douala, Cameroon

We welcome letters

Please send no more than 300 words to *fanddletters@imf.org* or to the Editor-in-Chief, *Finance & Development*, International Monetary Fund, Washington, D.C., 20431, USA. Letters may be edited.