



Myths and Myth Busters from *From Poverty to Power*

Myth: The poor will always be with us / there's not enough to go around / ending poverty is a utopian dream

Buster: According to the United Nations, \$300bn a year would lift everyone on the planet above the extreme poverty line of \$1 a day. That is just a third of each year's global military spending, or a tenth of the cost of the Iraq war.

Myth: Poor countries are mired in underdevelopment – there is no hope

Buster: Fifty years ago, Korea was poorer than the Sudan. Its main export was wigs made from human hair. Today it is an industrial leader with a GDP per capita more than nine times greater than that of Sudan. Numerous other countries have taken off in recent decades – all 13 historical episodes of high, sustained growth identified by the Commission on Growth and Development in its May 2008 report have occurred since the Second World War.

Myth: Africa is a basket case

Buster: Botswana has been Africa's most enduring success story. Its GDP per capita has risen a hundredfold since independence, making it the world's fastest-growing economy for three decades. Mauritius is another African success story.

Myth: Poverty is about not having enough money

Buster: In 2000, the World Bank published *Voices of the Poor*, a remarkable attempt at understanding poverty from the inside, based on discussions with 64,000 poor people around the world. What emerged from these interviews was a complex and human account of poverty, encompassing issues that are often ignored in academic literature, such as the need to look good and feel loved, the importance of being able to give one's children a good start in life, or the mental anguish that all too often accompanies poverty. The overall conclusion was that, 'again and again, powerlessness seems to be at the core of the bad life'.

Myth: Corruption is the main obstacle to development

Buster: Corruption is as much a symptom as a cause of underdevelopment, and generally falls as a country's economy grows. Many successful economies past and present showed high levels of corruption, including Japan, the USA, China, and Viet Nam. However, the huge variations between countries at similar levels of development suggest that more can be done than merely waiting for growth to help make the problem manageable. Japan exhibits similar levels of corruption to much-poorer Chile, according to Transparency International's 2007 Corruption Perception Index, while Uruguay ranks well ahead of Italy, despite having only one-seventh of its income per capita.

Myth: Development is mainly about the North changing its ways

Buster: The rich countries can be part of the problem or part of the solution, but the main drama of development lies within developing countries, with the best hopes offered by a combination of active citizens and effective states. Rich countries played only a limited direct role in most of the transformations of recent decades, including South Korea, China, Viet Nam, Malaysia, Botswana, Mauritius, and Taiwan.

Myth: Dictatorship is on the rise/Democracy is in retreat.

Buster: In 1900, New Zealand was the only country with a government elected by all its adult citizens. By the end of the century, despite a number of severe reversals (including fascism and communism and successive waves of military coups against elected governments), there were ostensibly 120 electoral democracies in place (out of 192 existing countries).

Myth: Dictatorship is necessary for development

Buster: Harvard economist Dani Rodrik recently showed that democracy is a particularly effective institution, since the empirical evidence shows that democracies:

- produce more predictable long-run growth rates;
- produce greater short-term stability;
- handle shocks much better;
- deliver more equality.

Myth: Natural resources are a blessing

Buster: In Nigeria, \$300bn in oil revenues has 'disappeared' since the 1960s, leaving little tangible impact on a nation virtually devoid of paved roads, in which over 70 per cent of the population live on less than \$1 a day.

Myth: Natural resources are a curse

Buster: Lots of countries have managed natural resources well, e.g. Botswana (diamonds); Malaysia (tin); or Norway (oil). Key is an effective state able to negotiate a good deal with extractive industries, and avoid excessive corruption.

Myth: All you need is growth

Buster: The world can't afford environmental consequences of continued growth in its current form – climate change and environmental destruction will be massive and highly destructive. The *quality* of growth (low carbon, inclusive, job creating, etc.) will become more important, although growth will still be needed to reduce poverty. The problem is that growth is getting worse, not better – since 2001, global growth has been getting dirtier (in terms of carbon per unit GDP), and less effective at reducing poverty. In the 1990s it took \$166 of global economic growth, with all the associated environmental costs, to achieve just \$1 of progress in reducing poverty, while in the 1980s this figure was \$45.

Myth: Growth is bad

Buster: Countries that have reduced poverty have invariably had to grow to do so. Properly managed, growth creates jobs, increases incomes, and generates tax revenues to fund roads, schools, and hospitals.

Myth: Small farmers are on the way out

Buster: The majority of farmers in developing countries are smallholders, with 87 per cent farming less than two hectares. Small farmers also account for a sizeable share of production in many contexts – in India, they supply over 40 per cent of food grains and the majority of livestock. They are also among the most disadvantaged and vulnerable rural groups – the share of smallholder households falling below the poverty line in Mozambique is 97 per cent. Growth in small-scale agriculture is also usually the most efficient way to reduce poverty in a poor developing country.

Myth: Development relies on large private sector firms, especially foreign investment

Buster: Not always. Taiwan based its take off on small and medium enterprises owned by Taiwanese, often in joint ventures with foreign investors, while South Korea opted for Korean capital, building up its own transnationals like Hyundai and LG. The common factor behind take-off countries is an effective state, able to channel the energies of the private sector towards long-term investment and national development, rather than a get-rich-quick approach.

Myth: Natural disasters are acts of God. There's nothing you can do about them.

Buster: January 2001 was a bad month for earthquakes, with major tremors striking in India, El Salvador, and the north-west USA around Seattle. The three earthquakes were of similar orders of magnitude, but killed 20,000 people in India, 600 in El Salvador, and none in Seattle. Even allowing for geological differences, the explanation for such a huge disparity lay not in nature, but in poverty and power. Nature is neutral, but disasters discriminate. In India, poor enforcement of building codes added to the toll, as high-rise buildings collapsed. In El Salvador, mudslides swept away the shanty homes of families who had fled rural poverty and who had nowhere else to live but the steep, deforested slopes of ravines. When poverty is so important in determining who loses out, 'unnatural disasters' would be a better phrase.

Myth: There's nothing we can do about...**The arms trade**

Landmines banned: thanks to the 1997 Mine Ban Treaty, the use of landmines has fallen, along with casualties. In 2005, only three governments – those of Myanmar, Nepal, and Russia – acknowledged using landmines (rebel groups used them in a further ten countries). The number of countries producing landmines had fallen from 50 to 13.

Small arms to be regulated: In 2006, following a global campaign by civil-society organisations, including Oxfam, the UN General Assembly voted overwhelmingly to launch talks on a global Arms Trade Treaty.

War

In 2005, world leaders agreed that every government had a 'responsibility to protect' its population from genocide, war crimes, crimes against humanity, and ethnic cleansing. Crucially, they added that the international community had a responsibility to support governments to do this and in extreme cases, with the authority of the UN Security Council, to intervene to do it themselves. Words have been matched by action: the UN saw its deployments grow by over 500 per cent from 2000 to 2005, and at the end of 2006 it had over 80,000 blue-helmeted peacekeepers in the field.

Corruption

At an international level, the UN Convention Against Corruption (UNCAC) came into force in 2005; it was signed by 140 countries, of which 80 have ratified the Convention. UNCAC covers both developed and developing countries, and requires state action on public and private corruption, on both bribe-givers and bribe-takers. It also promotes international co-operation (for example, joint investigation, extradition, legal and technical assistance, information sharing); provides for asset recovery (for example, returning millions of dollars stolen and stashed in Northern banks); and provides protection to whistle-blowers. At a national level, Oxfam supports numerous civil-society watchdogs that expose official corruption. In Chile, groups monitor party-political funding; in Malawi, citizens' groups tour schools, making sure that textbooks paid for by foreign aid actually arrive. In Uganda, a public information campaign on education spending galvanised citizens' scrutiny of government finances and substantially increased the amount of money reaching schools.

Myth: Terrorism is the main threat to us all

Buster: For every person dying in a terrorist attack, 20 women die in childbirth, 100 people die of AIDS, and 240 die from tobacco-related illnesses.

Myth: Everything is getting worse in developing countries

Buster: Today, there are 2.8 million fewer child deaths than there were in 1990. Another 1.2 billion people have gained access to clean water over the past decade, but a further 1.1 billion still lack access to safe water and 2.6 billion have no access to improved sanitation. On the rise: life expectancy, literacy, access to birth control. Falling fast: infant mortality. Eradicated: smallpox.

Myth: Redistribution is bad for the economy

Buster: Distributing assets such as land is associated with faster, not slower, long-term growth – see World Bank graph on land ownership v growth.

Myth: Poor countries can't afford essential services

Buster: There is a lot that poor countries can do. Sri Lanka is classed as a 'lower-middle-income country', yet its maternal mortality rates are among the lowest in the world. When a Sri Lankan woman gives birth, there is a 96 per cent chance that she will be attended by a qualified midwife. If she or her family need medical treatment, it is available free of charge from a public clinic within walking distance of her home, staffed by a qualified nurse. Her children can go to primary school free, and education for girls is free up to university level.

Compare that with oil-rich Kazakhstan, where investment in public services has lagged far behind increases in per capita income. Even though Sri Lanka has 60 per cent less income per capita, a child in Kazakhstan is nearly five times more likely to die in its first five years and is far less likely to go to school, drink clean water, or have the use of a latrine.