



Unintended consequences, or the folly of uncritical thinking

CROSSROADS Toward Philippine Economic and Social Progress

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Last week, the Philippine Institute for Development Studies (PIDS) launched a book, a must-read by all who are interested in serious work on economic and development policies concerning our country.

Unintended Consequences: The Folly of Uncritical Thinking is edited and compiled under the leadership of Drs. Vicente Paqueo, Aniceto Orbeta Jr. and Gilbert Llanto.

The editors are established scholars in their field who have also contributed in the writing of some of the studies. The volume has also harnessed the deep economic talents of the think tank which collaborated with social scientists associated with other Philippine institutions.

I recommend the book to those who teach economics, social studies, politics and business policies. Thoughtful followers of Philippine economic policy will find something relevant and noteworthy.

My hats off to Gilbert Llanto, president of the PIDS, in getting the volume out this year which is a significant date for the government think tank.

Each of the chapters of the book deals with a substantial topic: food security (rice production and imports); housing; small and medium enterprises; environmental issues such as overfishing and logging; topical issues such as sex education, minimum wages, endo and employment, conditional cash transfers.

The studies try to demonstrate sound research evidence and expose uncritical thinking when they occur and explain their folly.

Hard copies of the book can be ordered from PIDS, or in bookstores. The study is also available as an e-book, which can be secured from the PIDS website (<http://pids.gov.ph>) or through the socioeconomic research portal for the Philippines.

I wrote my thoughts on the significance of the book by way of preface, which is reproduced below, from the book itself.

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All economic policy should help raise or sustain the national welfare, or it must be changed. An economic policy might address national issues or only a particular segment of the economy. But all good economic

policies should be able to raise the gains in welfare of the intended beneficiaries and do no harm to the overall gains in national welfare.

The essence then of sound economic policy is the promotion of the national good, where the improvements in the condition of a few do not harm or do damage to the rest of the society. Alternatively said, good economic policies promote the national good, not only the interests and desires of the few who might propose and benefit from them.

In this collection of case studies prepared by researchers of the Philippine Institute for Development Studies, we encounter different examples where the “good intents“ of economic policies had also led to “bad outcomes.” Bad outcomes are almost always unintended, given that economic policies are put in place to improve on pre-existing conditions. By definition, any reform of economic policy needs to correct what is bad or deficiently lacking as to require change.

A close reading of why some policies resulted in bad, unintended outcomes reveals a defect in design. A design defect could arise from the selfish myopia of reform proponents who focus mainly on seeing their own gains, neglecting or just assuming that no further effects are likely to happen. Or it may be due to a firm belief about the justness of their cause.

Yet, sometimes, bad policies are the result of poor judgments. The great John Maynard Keynes had once famously commented concerning “practical men who believe themselves to be quite exempt from any intellectual influence (who) are usually the slaves of some defunct economist.” Or it could be simply that political compromise brings in amendments to an otherwise well-intended law which spoils the outcome.

The cases span over many areas of national life. Among the topics touched on are employment and unemployment issues, direct income assistance, the growing of food, minimum wage, contractualization of labor, investment incentives and various sector and industrial policies.

Each case contributes to the understanding of why poverty and disparity in income opportunities are persistent problems in the nation.

I take this opportunity to congratulate the PIDS for its work as a major think tank for economic and social policies in the nation. When I proposed its creation in 1977, my humble hope then was that it would grow into an institution that would help the nation’s institutions in providing analysis and sound policy advice. It has done so remarkably well.

According to the 2015 Global Think Tank Report prepared by the University of Pennsylvania, PIDS is the top social policy think tank in Southeast Asia and ranked 37th among the top 100 think tanks in the world. More than 6,600 think tanks located in 198 countries were assessed in that report.

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