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From: cuts-tradeforum@googlegroups.com [mailto:cuts-tradeforum@googlegroups.com]

On Behalf Of CUTS-TradeForum

Sent: Saturday, January 15, 2011 6:40 AM

To: CUTS-TradeForum

Subject: [CUTS-TradeForum] Re: Professor Bhagwati on growth and poverty]

From: Teepu M. Khan, Permanent Mission of Pakistan to WTO

Dear Colleagues,

I have found the contributions so far made very useful and informative. One point that comes to my mind is that the poverty versus growth debate is by no means new and has been going on ever since GDP became firmly established as a standard measure of national income accounts. On the other hand, there is substantial literature which condemns the growth approach as badly lacking in terms of welfare. This is largely due to its political trappings as it is the GDP size which ushers countries into major clubs like the now-famous G-20, OECD, etc., and also brings about the much coveted political influence. While economists remain actively concerned about the issue of addressing poverty, our policy makers are basically politicians who look at even the number game from a political point-scoring perspective. No doubt, the poor man who forms the great majority of the electorate ultimately votes-in or votes-out a government or a political party, he is lacking in civic knowledge to make a voting decision on the basis of his purely welfare gains. This is the realpolitik that we have to contend with.

On the other hand, it is indeed a great service to the humanity to keep on exploring ways and means of addressing poverty, such as the Multidimensional Poverty Index. Linkage with MDG targets is also very relevant considering that eight out of ten indicators used to estimate poverty belong to the MDG targets. However, Prof. Raymond Saner is very right in concluding that the index might not lead to any immediate change at the policy level. With reference to his point that it might however get increased attention, its operational part is a million dollar question. Attention on "stage 1" to the exclusion of "stage 2" is an attractive option for policy makers. However, here the prescription that 'they move on all fronts' is the only appropriate way. Unmanaged growth also has the side effects of a ballooning informal sector as incomes and employment opportunities increase. Enlarging the pie must be concomitant with equitable sharing of the pie. I am led to highlight the importance of the joint family system as a very important social safety net in the developing countries. Ironically, growth shifts many functions of the joint family to the market which is measurable in GDP growth, but sadly erodes very important social capital. Measurement of qualitative (social development) and not just quantitative aspects of growth should emerge as a first, and not secondary, priority.

Best regards, Teepu Khan

