

NOTE

Growth, Inequalities and Governance

I Satya Sundaram writes :

Economic policies should aim at both economic growth and social justice. Yet, countries, rich and poor, continue to promote inequalities in income and wealth. Little do they realise that if the majority suffer from poverty, it is next to impossible to achieve steady and sustainable growth in any country.

Right now the world economy suffers more inequalities than ever before. At the international level, the richest two percent of adults own more than 50 percent of the world's assets while the poorest half hold only one percent of wealth.

Almost 90 percent of the world's wealth is held in North America, Europe and high income Asian and Pacific countries, such as Japan and Australia. While North America has 6 percent of the world's adult population, it accounts for 34 percent of household wealth.

Is it not the responsibility of the international institutions like the World Bank to reduce international inequalities? They often suggest measures which provide some relief to poor countries, but not those which ensure sustainable growth. The World Bank gives priority to privatisation. But, given the environment in most developing countries, privatisation only promotes inequalities.

Economic growth without social justice is counter-productive. The fruits of economic growth should reach all sectors and sections. Broad-based participating growth and decentralised governance alone can achieve this laudable objective, otherwise inequalities will arise despite so many growth strategies. In India, Kerala is a pioneer in the field of decentralised planning.

The development programmes may be well-conceived, but they fail to deliver the goods, if implementation is poor. Slowly, but surely, developmental role of local government is receiving due attention.

Centralised administration does not inspire people at the bottom. A decentralised setup can identify local resources and problems, and also set out strategy for resource mobilisation. What is true at the national level is also true at the international level. *~ ~ ~*