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**POVERTY IS CANCER,
NOT FLU**

Remarks by

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POVERTY IS CANCER, NOT FLU

Mahbub ul Haq¹

Let me welcome you most warmly to a discussion of the second theme this morning. The earlier session has already analysed the nature, the character and the root causes of persistent poverty. Now we shall be discovering the mysteries of what policies and programmes really work or do not work in reducing poverty and what is the actual experience of countries which have succeeded in their anti-poverty plans.

Let me use the privilege of the Chair to make just a few preliminary observations to give some perspective to our subsequent discussion.

First, what is critical for our analysis is poverty of opportunity, not poverty of income. Poverty of income is often the result, poverty of opportunity is often the cause. Poverty of opportunity is a multi-dimensional concept, embracing lack of education and health, lack of economic assets, social exclusion and political marginalisation. It is only through a full understanding of the poverty of opportunity that we can begin to sense why people remain poor. In fact, I firmly believe that World Bank's measure of \$1 a day for absolute poverty has seriously misled policy makers. It has focussed our attention on the symptoms, not the causes. To ignore the poor upstream and to count them endlessly downstream is merely an intellectual luxury. Our concepts, our measures, our analyses must deal with poverty of opportunity, not just with poverty of income. That is why I am delighted that the *1997 Human Development Report*—with which I was associated as an Advisor—makes a major breakthrough in defining and measuring the multidimensional nature of poverty. It is time to say a final farewell to single-dimensional measures of poverty and to adopt a

¹ *Introductory remarks by Dr. Mahbub ul Haq, President, Human Development Centre, as a moderator of the Second Session of the Special Event on Poverty Eradication arranged by UNDP for the 1997 Annual Session of the Executive Board on 20 May 1997.*

more multi-dimensional view, however inadequate the measurement may be in the initial stages.

Second, poverty cannot be treated as a mere flu, it is more like body cancer. We cannot leave intact the model of development that produces persistent poverty and wistfully hope that we can take care of poverty downstream through limited income transfers or discrete poverty reduction programmes. If the poor lack education, if they lack critical assets (particularly land), if they lack credit since the formal credit institutions do not bank on them, if they are socially excluded and politically marginalised, then a few technocratic programmes downstream are not the answer. The answer lies in a fundamental change in the very model of development so that human capabilities are built up and human opportunities are enlarged. In other words, the real answer lies in a major transition from traditional economic growth models to models of human development where people become the real agents and beneficiaries of economic growth, and no longer remain an abstract residual of inhuman development processes.

Third, we can all learn a great deal from various successful country experiences for poverty reduction. Several countries have reduced the proportion of their people living in poverty quite dramatically in the last two decades—including Malaysia, China, South Korea and Colombia. There are many explanations for their successful experiences but, for busy policy makers, fervently searching for a few core strategies, it appears that six elements stand out:

- liberal investment in basic education;
- land reforms;
- availability of credit to the poor;
- a high rate of economic growth, evenly distributed;
- people-centred development models, with at least the essential ingredients of women's empowerment and significant decentralisation of decision making powers; and
- good governance, more good governance, and still more good governance.

Take these six core elements, shake them up vigorously, put them in a policy crucible, and it is likely—in fact, it is more than likely—that pro-poor growth will come out at the other end. We shall soon discover from our distinguished panel what combination of various policies and programmes have made the critical difference in their countries.

My fourth and last observation is about the constant debate between those who believe that free markets are good for every one, including the poor, and those who advocate judicious state intervention to protect the poor. I believe that it is time to bury this counterproductive controversy. There is no country in the world without some mix of market competition and state intervention. The real challenge is to discover that happy blend which delivers pro-poor growth. Let us face political realities. Markets are not elected by poor people, governments are. Markets can be brutal or indifferent to the needs of the poor, governments cannot be. Markets are there to promote efficiency, as they should. Equity is none of their concern. But governments cannot ignore equity since increasing inequalities can disrupt the political and social fabric of a society. So the real answer lies in finding a judicious blend between market competition and state intervention if we are to ensure that, while GNP increases, human lives do not shrivel. And in the process, let us also not forget that what finally makes a difference in the lives of the poor are many civil society initiatives—neither governments nor markets.

With these few preliminary observations, let me turn to our distinguished panel who are going to present to you some practical experiences in reducing poverty.
