

NOTE

Growth sans Welfare

Bharat Dogra writes :

In some countries where the rates of GNP growth have been high, serious questions have been raised regarding to what extent this reflects a genuine rise in welfare. In Britain, for instance, the New Economics Foundation has prepared a report on the British economy using more comprehensive indications than GNP which can better assess health, environmental quality and security, housework and other voluntary work.

This study which has prepared an index of sustainable welfare shows that while GNP increased by 230 per cent since 1950, sustainable economic welfare increased by only 3%. What is even more significant is that sustainable economic welfare in Britain actually declined at quite a fast pace after 1974. During the fifteen year period 1975-1990, GNP rose by a third but sustainable economic welfare fell by about 50 percent.

A different type of data was provided by researchers from the British Social Science Research Council (SSRC) during the early 1970s. They questioned a sample of 1500 people thrice within five years, about the changes in the quality of life. The people who were interviewed almost unanimously said that their level of consumption had gone up yet the quality of life had gone down during the last five years.

A study by Herman Daly and John Cobb titled 'For the Common Good' supports this view in the context of the USA. This study shows that economic welfare in the USA rose to a peak in 1969, remained on a plateau for eleven years, then fell during 1980 to 1986 even though GNP continued to increase.

Economist Havelock R Brewster wrote recently about the experience of developed countries, "Over the last ten years these countries have created an additional \$ 6000 billion of national product. But few would be genuinely persuaded that the welfare of people in their societies has improved. Most likely, it has diminished - with the growth of unemployment and totally destitute people, the deterioration and delay in the provision of health services, alienation of the young and the old, diminishing participation in decision making, ever-increasing obesity, urban decay and chaos, the deterioration of transportation and other public utilities and endemic pollution."

The Human Development Report (1994) pointed out, "During the past five decades, world income increased sevenfold (in real GDP) and income per person more than tripled (in per capita GDP) but this growth has been highly unequal. Between 1960 and 1991, the share of the world income for the richest 20% of the global population rose from 70% to 85% while the share of the poorest 20% declined from 2.3% to 1.4%." The poorest 20% people of the world had a 0.9% share in world trade, 1.1% share in world investment, 0.9% share in world savings and 0.2% share in commercial credit.

The Human Development Report says clearly that existing development pattern of industrial countries is not sustainable and something different is needed as a desirable norm. "Replicating the patterns of the North in the South would require ten times the present amount of fossil fuels and roughly 200 times as much mineral wealth. And in another 40 years, these requirements would double again as the world population doubles." This report says that the life styles of the rich nations will clearly have to change. The North has roughly one-fifth of the world's population and four-fifths of its income, and it consumes 70% of the

world's energy, 75% of its metals and 85% of its wood. If the eco-sphere were fully priced, not free, such consumption patterns could not continue.

However the tragedy is that while saying all this, HDR goes ahead to puts precisely those countries at the top of its human development index whose development pattern it admits is unsustainable, has caused so much environmental destruction and has gobbled a very unjust high share of world resources. □□□