

Gianluigi Segalerba

IEF – Instituto de Estudos Filosóficos, Faculdade de Letras, Universidade de Coimbra

Segalerba, G., Notes on Mahbub ul Haq's Thought, in: «Current Issues of Social Sciences and Humanities, International Symposium, The Department of Ethics and Aesthetics, The Faculty of Social Sciences, National University of Uzbekistan, Volume 4, NUU Conference 2 / 2023», pp. 34-48.

NATIONAL UNIVERSITY OF UZBEKISTAN

SOUTH KAZAKHSTAN UNIVERSITY

SHYMKENT UNIVERSITY



May, 2023

Current Issues of Social Sciences and Humanities

International Symposium

The Department of Ethics and Aesthetics

The Faculty of Social
Sciences



NUU.UZ





**МИРЗО УЛУҒБЕК НОМИДАГИ
ЎЗБЕКИСТОН МИЛЛИЙ УНИВЕРСИТЕТИ**

**ИЖТИМОЙ ФАНЛАР ФАКУЛЬТЕТИ
ЭТИКА ВА ЭСТЕТИКА КАФЕДРАСИ**

**М.АУЭЗОВ НОМИДАГИ
ЖАНУБИЙ ҚОЗОҒИСТОН УНИВЕРСИТЕТИ**

ШЫМКЕНТ УНИВЕРСИТЕТИ

ИЖТИМОЙ-ГУМАНИТАР ФАНЛАРНИНГ ДОЛЗАРБ МАСАЛАЛАРИ

Халқаро симпозиум материаллари

2023 йил, май

“Academic Research” MCHJ

ТОШКЕНТ – 2023





Ижтимоий-гуманитар фанларнинг долзарб масалалари. Халқаро симпозиум материаллари. - Тошкент: “Academic Research” МСНЖ, 2023 йил.

МАСЪУЛ МУҲАРРИР:

Муҳаммаджонова Л.А. Фалсафа фанлари номзоди, профессор, ЎзМУ “Этика ва эстетика” кафедраси мудири.

ТАҲРИР ҲАЙЪАТИ:

Қодирова Д.С. Фалсафа фанлари номзоди, проф. в.б. ЎзМУ.
Агзамова Н.Ш. Фалсафа фанлари номзоди, проф. в.б. ЎзМУ.
Рахимшикова М. Фалсафа фанлари номзоди, доцент ЖКУ.
Шодиметова Г.М. PhD, Доц. в.б. ЎзМУ.
Туляев А.И. PhD, Доц. в.б. ЎзМУ.
Абдуазимова З.А. PhD, Доц. в.б. ЎзМУ.

КООРДИНАТОР:

Нуруллаева З.С. PhD, Катта ўқитувчи. ЎзМУ.
Ражабов Ш.С. PhD, Катта ўқитувчи. ЎзМУ.

ТЕХНИК МУҲАРРИР:

Авазхонов Ю. Таянч докторант. ЎзМУ.

Муаллифлар мақолаларда келтирилган фикрлар, маълумотлар ҳамда манбаларнинг ишончли ва асосли эканлигига масъулдирлар.

© «Academic Research» МСНЖ
© «Ўзбекистон Миллий университети»





**НАЦИОНАЛЬНЫЙ УНИВЕРСИТЕТ УЗБЕКИСТАНА
ИМЕНИ МИРЗО УЛУГБЕКА**

**ФАКУЛЬТЕТ СОЦИАЛЬНЫХ НАУК
КАФЕДРА ЭТИКИ И ЭСТЕТИКИ**

**ЮЖНО-КАЗАХСТАНСКИЙ УНИВЕРСИТЕТ
ИМЕНИ МУХТАРА АУЭЗОВА**

ШЫМКЕНТСКИЙ УНИВЕРСИТЕТ

АКТУАЛЬНЫЕ ВОПРОСЫ СОЦИАЛЬНО-ГУМАНИТАРНЫХ НАУК

Материалы международного симпозиума

май, 2023 года

ООО “Academic Research”

ТАШКЕНТ – 2023





Актуальные вопросы социально-гуманитарных наук. Материалы международного симпозиума. - Ташкент: ООО "Academic Research", 2023 год.

ОТВЕТСТВЕННЫЙ РЕДАКТОР:

Муҳамеджанова Л.А. Заведующий кафедрой Этики и эстетики НУУз,
профессор, кандидат философских наук

РЕДАКЦИОННАЯ КОЛЛЕГИЯ:

Кадирова Д.С. кандидат философских наук, и.о. проф., НУУз
Агзамова Н.Ш. кандидат философских наук, и.о. проф., НУУз
Рахимшикова М. кандидат философских наук, доцент, ЮКУ
Шодиметова Г.М. PhD, и.о. доц., НУУз
Туляев А.И. PhD, и.о. доц., НУУз
Абдуазимова З.А. PhD, и.о. доц., НУУз

КООРДИНАТОР:

Нуруллаева З.С. PhD, старший преподаватель, НУУз
Ражабов Ш.Ш. PhD, старший преподаватель, НУУз

ТЕХНИК МУҲАРРИР:

Авазхонов Ю. Докторант, НУУз

Авторы несут ответственность за достоверность мнений, сведений и источников, цитируемых в статьях.

© ООО "Academic Research"

© «Национальный университет Узбекистана»





Симпозиум тўпламида ижтимоий-гуманитар фанларнинг моҳияти, уларнинг таълимий асослари, тарбия жараёнларида тутган ўрни ҳамда глобаллашув даврида ортиб бораётган муаммоларнинг илмий-назарий ва илмий-амалий жиҳатлари таҳлил қилинган. Шунингдек, ижтимоий-гуманитар соҳада амалга ошириладиган янги тадқиқот мавзуларини чуқурроқ ўрганиш, тушунтириш ва жамоатчилик эътиборига ҳавола этишга қаратилган амалий таклиф-тавсиялар ишлаб чиқилган.

В материалах симпозиума проанализированы сущность социально-гуманитарных наук, их образовательные основы, роль в образовательном процессе, научно-теоретические и научно-практические аспекты нарастающих проблем в эпоху глобализации. Также разработаны практические рекомендации по дальнейшему изучению, разъяснению и доведению до сведения общественности новых тем исследований в социогуманитарной сфере.

The materials of the symposium analyze the essence of the social sciences and humanities, their educational foundations, their role in the educational process, scientific, theoretical and scientific and practical aspects of the growing problems in the era of globalization. Practical recommendations have also been developed for further study, clarification and communication to the public of new research topics in the socio-humanitarian sphere.



NOTES ON MAHBUB UL HAQ'S THOUGHT

Gianluigi Segalerba

AP-GC Alternative Perspectives & Global Concerns

PhD, Dr.

University of Pisa

gianluigisegalerba@gmail.com

ABSTRACT

In my study, I shall analyse some ideas of Mahbub ul Haq on the concept of development. Ul Haq's observations on development enable us to understand the limits of all the economic strategies which exclusively aim at the growth of GNP. We shall see that, in ul Haq's view, the increase in the gross national product – GNP – is certainly necessary to have the needed foundations for the improvement of the living conditions of the people: without an increase in GNP, a government cannot have the due instruments to promote the improvement of the living conditions of the people. Nonetheless, improvement in the living conditions of people does not follow automatically from the growth of GNP.

Keywords: Mahbub ul Haq, development, income, poverty, markets, GNP, education, growth, freedom

a) Introduction

A correct economic strategy of the governments is needed in order that the growth of GNP can bring about this improvement. Any government must decide the priorities of its economic policy: depending on the choices made by the governments, different economic developments in the societies will follow. Different models of society correspond to different interpretations of development. Improvement in the living conditions of the people will come about exclusively as a consequence of specific choices regarding the sectors of society which deserve priority of investment.

The action of the governments proves to be indispensable: any confidence in an automatic improvement of the living conditions of people coming about as a consequence of the increase in GNP is false. The different developments which countries have depend on the choices of the governments: they have their roots and their causes in the choices of the governments. The developments which come about in the different countries are a precise



consequence of the priorities which have been put by the governments: they do not come about accidentally.

For my exposition, I shall consider two studies of ul Haq, i.e. *Reflections on Human Development* and *The Poverty Curtain*ⁱ.

b) Development

I shall begin my investigation with a passage in which ul Haq distinguishes between the different goals which can be assigned to development. I chose this passage since through this passage it can be seen that the improvement of the living conditions of the population does not necessarily correspond to a growth of GNP: growth of GNP can come about without a corresponding improvement of the living conditions of the people.

In general, the objectives of development can be interpreted in different ways, thus producing different economic policies in the different countries: the goal of development can be identified with the increase in GNP, on the one hand. On the other hand, the goal of development can be identified with the people, i.e., with the increase in the living conditions of the people. Depending on the different interpretations given to the end of development, specific consequences will follow as regards the economic strategies of the governments.

Ul Haq acknowledges that the conditions of people were previously not the centre of the analysis of the economists. The inquiries of the economists were previously concentrated exclusively on the growth of GNP. An increase in GNP was considered as the exclusive goal of development. All other elements were left out of attention for a long time. Only later economists began to consider the conditions of people in their analyses:

“The lack of recognition given to people as an end of development is even more glaring. Only in the past two decades have we started focussing on who development is for, looking beyond growth in gross national product (GNP). For the first time, we have begun to acknowledge – still with a curious reluctance – that in many societies GNP can increase while human lives shrivel. We have begun to focus on human needs, the compilation of poverty profiles, and the situation of the bottom 40% of society often bypassed by development. We have started to measure the costs of adjustment not only in lost output, but also in lost lives and lost human potential. We have finally begun to accept the axiom that human welfare – not GNP – is the true end of development.” (*Reflections on Human Development*, p. 4)ⁱⁱ

Economic analyses, up to a certain point, have not considered people as the goal of development: an increase in GNP and output had occupied the attention of the researchers. Only in a second moment, the real goal of development has been identified with human welfare. People and human welfare have then been recognised as the authentic goals of development: the growth in GNP is an instrument to promote the improvement of the living conditions of people; it is not the absolute end. Therefore, the mistake in the previous economic analyses and strategies has consisted in concentrating the attention exclusively on GNP and on its growth.

In ul Haq's view, the attention of economic research has only in a second moment been directed not exclusively to output and to the loss of output, but also to lost lives and lost human potential: the attention has been shifted from the questions related to production to the living conditions of people. The attention of economic research has been directed to human welfare as the authentic end of development. This is the true change as regards the interpretation of the economic strategies: the goal of development is not the GNP, but the welfare of people.

Ul Haq directs the reader's attention to the fact that there is no necessary correspondence between the increase of GNP and the improvement of the life condition of people. Quite on the contrary, it can at the same time happen that GNP grows, on the one hand, and the general living conditions, i.e. the average living conditions of people become worse, on the other hand.

Ul Haq underlines that researchers have begun to pay attention to the following aspects:

- Human needs.
- Poverty profiles.
- The situation of the bottom 40% of society.

These are the fields of investigation of the researchers after the turn regarding the authentic goal of development.

c) Change in the research activity

Ul Haq points out that, after recognising that the exclusive attention for the GNP is false, the economic researchers have then concentrated their attention on the following subjects:

“They (the development plans) would start with a human balance sheet. What human resources exist in the country? How educated are its people? What is the inventory of skills? What is the profile of relative income distribution and absolute poverty? How much



unemployment and underemployment are there? What are the urban-rural distribution and the level of human development in various regions? Has the country undergone a rapid demographic transition? What are the cultural and social attitudes and the aspirations of the people? In other words, how does the society live and breathe?”
(*Reflections on Human Development*, p. 5)

The essential aspect of ul Haq’s assertions is, in my opinion, the very end of the quotation: the centre of economic research consists in determining how society lives and breathes. In ul Haq’s view, the duty of the researcher does not consist in measuring the GNP, since the measurement of the GNP says too little about the conditions of a society. The duty of the researcher consists in producing a deep analysis of different aspects of society. Many aspects of society need to be searched for and evaluated in order that a reliable description of society can be reached. GNP turns out to be only one of the aspects into which researchers should inquire.

The items of the society which are searched for and investigated thank to the described change of perspective give testimony to the enlargement of the elements searched for in any economic investigation. The factors which are investigated are the following:

- The human resources of a country.
- The degree of education of the people of a country.
- The amount of the skills which are present in a country.
- The profile of the relative income distribution.
- The profile of absolute poverty.
- The level of unemployment.
- The level of underemployment.
- The relationships between urban and rural distribution.
- The level of human development in the various regions of a country.
- The cultural and social attitudes of the people of the country.
- The aspirations of the people of the country.

Likewise, the attention ought to be directed to basic human needs:

“Plan targets must first be expressed in basic human needs and only later translated into physical targets for production and consumption. This means that there will have to be a clear exposition of the targets for average nutrition, education, health, housing and transport – as a very minimum. There must be an open discussion of what level of basic needs a society can afford at its current per capita income and at its projected incomes. The basic needs targets will then have to be built into detailed planning for



production and consumption. In other words, we must proceed from ends to means, not the other way round.” (*Reflections on Human Development*, p. 5)

The target of economic research consists in the discovery of the needs of human beings. Economic research should be concentrated on nutrition, education, health, housing and transport. This is a precise choice regarding economic analysis and economic goals. Planning of production and consumption is programmed: there should be general plans about the direction of development of a society; the development of a society cannot be left without a direction programmed on the basis of the needs of the society. Thus, ul Haq does not plead for a model of economy in which there should be no central programming; he does not plead for a kind of economy in which everything should be left to the market’s laws. Likewise, ul Haq does not plead for a model of economy in which there should be no intervention from the public authorities. On the contrary, plans for the development of society and economic goals ought to be determined.

Most important of all is in this context the change of direction between means and ends; first, the ends consisting in the human needs of a society are to be determined. The targets of society must be determined. Only thereafter, on the basis of the determination of needs can production be discussed and organized. The goal of economic research lies in the determination of the needs of human beings. The economy must be guided in the sense that the ends of a society should be determined. These ends should then be the orientation points for leading and organising the economy. Not the GNP as such is important, but the effects which the GNP has had on the population:

“Development plans must contain a human framework for analysing their performance. A comprehensive set of social and human development indicators needs to be developed to monitor plan progress. Besides GNP growth rates, the human story must also be brought out in annual assessments of how many people experienced what growth rates and how the relative and absolute poverty levels changed every year. In some countries, GNP many have stagnated, but a lot of human capital may have been built up, strenghtening the potential for future growth and making the measures of actual growth an unfair basis for comparison with other countries.” (*Reflections on Human Development*, p. 6)

A comparison between the GNPs of different countries cannot say too much as regards the future of the countries themselves. If a country has invested in human capital – in education, for instance –, it has accumulated potential for future growth, even though its GNP is

equal or inferior to countries that have not invested in education. Hence, the level of development of a country cannot be measured only by referring to the GNP. An exclusive concentration on GNP could cause mistakes as regards the evaluation of the conditions of society: even though GNP stagnates, a society could be accumulating intellectual resources for future development. Therefore, stagnation is not necessarily a sign of a completely negative period for a society. If a country has invested in human capital, in education, for instance, it has accumulated potential for future growth, even though its GNP is equal or inferior to countries that have not invested in education. The level of wellness of a country cannot be measured only referring to the GNP.

d) The goal of the development

Ul Haq clearly expresses that the purpose of development consists in the enlargement of people's choices. These choices are, though, something that not always can be measured on the basis of the criteria with which GNP is measured:

“The basic purpose of development is to enlarge people's choices. In principle, these choices can be infinite and can change over time. People often value achievements that do not show up at all, or not immediately, in income or growth figures: greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and a sense of participation in community activities. The objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives.” (*Reflections on Human Development*, p. 14)ⁱⁱⁱ

The enlargement of people's choices is the end of development. Despite the importance of growth figures, they are not sufficient to interpret the condition of society. Ul Haq lists therefore a series of criteria which are essential for understanding and evaluating the conditions of a society. There are elements which constitute development but that are not measured by GNP criteria:

- Greater access to knowledge,
- Better nutrition,
- Better health services,
- More secure livelihoods,
- Security against crime,
- Security against physical violence,
- Satisfying leisure hours,
- Political freedoms,



- Cultural freedoms,
- Participation in community activities.

Development ought to have, in the opinion of ul Haq, these targets as its aims: in general, development must be structured around the aim of giving people long, healthy and creative lives.

e) Differences in the research activity

The difference between the research paradigm of economic growth and human development consists in economic growth concentrating on the expansion of income and in human development aiming at the enlargement of all human choices:

“The defining difference between the economic growth and the human development schools is that the first focuses exclusively on the expansion of only one choice – income – while the second embraces the enlargement of all human choices – whether economic, social, cultural or political. It might well be argued that the expansion of income can enlarge all other choices as well. But that is not necessarily so, for a variety of reasons.

To begin with, income may be unevenly distributed within a society. People who have no access to income, or enjoy only limited access, will see their choices fairly constrained. It has often been observed that in many societies, economic growth does not trickle down.

But there is an even more fundamental reason why income expansion may fail to enlarge human options. It has to do with the national priorities chosen by the societies or its rulers – guns or butter, an elitist model of development or an egalitarian one, political authoritarianism or political democracy, a command economy or participatory development.

(...) Many human choices extend far beyond economic well-being. Knowledge, health, a clean physical environment, political freedom and simple pleasures of life are not exclusively, or largely, dependent on income. National wealth can expand people’s choices in these areas. But it might not. The use that people make of their wealth, not the wealth itself, is decisive. And unless societies recognize that their real wealth is their people, an excessive obsession with creating material wealth can obscure the goal of enriching human lives.” (*Reflections on Human Development*, pp. 14-15)^{iv}

Growth is necessary, but not sufficient. Growth is necessary to have resources but is not sufficient to bring about an improvement in the living conditions of people. To have growth is



necessary to have the financial resources to improve the living conditions of people. Growth is not sufficient, though, since it is decisive to see how this growth is distributed within the specific systems. Income alone cannot reach the enlargement of economic, social and political choices, since it is possible that income is not regularly distributed in a society. It is possible that economic growth is present in a society but that it does not exercise any benefit on the disadvantaged classes. There is no automatic correlation between economic growth, on the one hand, and improvement of living conditions in all the layers of a society, on the other hand. A war on poverty, therefore, cannot be based on the exclusive concentration of methods to let the GNP grow, since the growth of GNP does not bring about automatically the disappearance or the diminution of poverty.

Moreover, there are profound differences connected to income expansion: income expansion can have different results depending on its being connected to an elitist model of development or to an egalitarian model of development, to political authoritarianism or to political democracy, to a command economy or to participatory development. Income expansion has very different upshots depending on the general orientation of a society. It is not the case that income expansion brings in all cases an improvement for all the individuals in a society. Income expansion has different effects on society depending on the general principles of society. The general principles of a society influence the distribution of income.

Wealth is not the end of development: the use which is made of wealth is the decisive factor in society. If society understands that the authentic wealth is the people, the increase in income will have positive effects; if society is not aware that the end of the development process is the people, the increase in material wealth will have no effects.

f) Necessity of growth

Ul Haq underlines that growth is necessary for enlarging human choices:

“But we must be careful. Rejecting an automatic link between income expansion and flourishing human lives is not rejecting growth itself. Economic growth is essential in poor societies for reducing or eliminating poverty. But the quality of this growth is just as important as its quantity. Conscious public policy is needed to translate economic growth into people’s lives.” (*Reflections on Human Development*, p. 15)

Ul Haq states clearly that the human development paradigm considers all the aspects of society. Economic aspects, political



aspects, cultural aspects and social factors are all the subject of the analysis of the human development paradigm:

“(…) the human development paradigm embraces all of society – not just the economy. The political, cultural and social factors are given as much attention as the economic factors.” (*Reflections on Human Development*, p. 16)

Economic growth is necessary, but not sufficient to ensure human development. It is necessary since without economic growth there are no resources to guarantee improvements in human well-being. On the other hand, high economic growth rates will not immediately mean a higher level of human development. The policy that countries adopt is the fundamental factor in the translation of high economic growth into improvements in human development.

“(…) it is wrong to suggest that economic growth is unnecessary for human development. No sustained improvement in human well-being is possible without growth. But it is also wrong to suggest that high economic growth rates will automatically translate into higher levels of human development They may or they may not. It all depends on the policy choices that countries make.” (*Reflections on Human Development*, p. 26)^v

g) Description of the Human Development Index

Coming now to the components of the Human Development Index, it can be seen that the HDI consists in the measurement of longevity, of knowledge and of income:

“The HDI has three key components: longevity, knowledge and income. Longevity is measured by life expectancy at birth as the sole unadjusted indicator. Knowledge is measured by two education variables: adult literacy and mean years of schooling, with a weight of two-thirds to literacy and one-third to mean years of schooling. Initially, only adult literacy was in the index. Mean years of schooling were added later because, unlike developing countries, few industrial countries maintain separate figures for adult literacy, and there was a need to differentiate the performance of countries already close to 100% literacy.” (*Reflections on Human Development*, p. 49)

Longevity, knowledge and income are the three foundations of the Human Development Index.

Longevity is calculated on the basis of life expectancy at birth.

Knowledge is based on adult literacy and mean years of schooling.

The difference between HDI and GNP is important to rightly evaluate the condition of a country. A HDI higher than GNP means that the human resources are developing well thanks to a policy which improves, for instance, education levels:

“If a country's HDI rank is more favourable than its GNP per capita rank, this should reassure policy-makers that their social priorities are headed in the right direction and that the country is building up an adequate base of human capital for accelerated growth. It should also remind them that social progress cannot be sustained for long without an adequate economic base – so they should also correct the imbalance on the economic growth side.

But if the HDI rank is less favourable than the GNP per capita rank, this should signal to policy-makers that the benefits of national income are not being distributed to the people. It should prompt them to examine whether the problem lies in the maldistribution of income or assets, or in wrong development priorities or in lack of public policy attention to social services. Comparison with other countries with similar incomes should reassure them that it is possible to generate greater human welfare at that level of income. So, there should be no tension between the HDI and GNP measures. Both can inform public policy.” (*Reflections on Human Development*, pp. 53-54)^{vi}

h) Development and freedom

In general, human development is a measure of freedom:

“There has been considerable controversy over whether political freedom is an integral part of human development. At a conceptual level, there should be no hesitation. The purpose of human development is to enlarge the range of people's choices – and the most basic choice is the freedom to make a choice, rather than have someone else make it. (...) freedom cannot be separated from human development.” (*Reflections on Human Development*, p. 67)

Freedom is a part of human development. This implies that an inquiry into the development of a country cannot avoid analysing the level of freedom of a society. Ul Haq proposes different criteria to measure the degree of freedom present in a country:

“Political participation. Single party or multiparty elections; universal franchise; regularity and fairness of elections; freedom to form political parties; right of peaceful assembly; decentralization of decision-making powers; continuity and sustainability of democratic institutions.

Rule of law. No arbitrary arrest, torture or cruel treatment of killings by the state; no disappearance of political opponents; no police brutality; fair and open trials; competent, independent and impartial tribunals; presumption of innocence until proved guilty; judiciary independent from executive control; equality before the law.

Freedom of expression. No restrictions on public or private speech; no censorship or other limits on media; independent ownership and control of media; recourse to legal institutions to protect freedom of speech.

Non-discrimination. No discrimination based on gender, religion, ethnic group, national or social origin, language or income and wealth, whether by law, by government action or inaction or through actual practice.” (*Reflections on Human Development*, p. 70)

i) Markets and poor

As regards ul Haq's criticism of common assumptions, one of the most famous criticisms is that directed against the myth of the friendly markets. Markets are not friendly towards the poor, the weak or the vulnerable. Markets, as they are, are a product of the stronger forces: therefore, they serve the interest of the stronger people and mirror the interests of the stronger people. Markets are not neutral: they are determined by the interests of the people who have the control of the markets:

“One important point: markets are not very friendly to the poor, to the weak or to the vulnerable, either nationally or internationally. Nor are markets free. They are often the handmaidens of powerful interest groups, and they are greatly affected by the prevailing distribution of income.

(...) The point again is that markets do not automatically favour the poor, the weak, the vulnerable. Unless policy steps are taken to enable the poor to compete on an equal footing, they stand to lose much from the workings of the unregulated market system. While policy-makers must accept the logic of the market-place, they must also turn around and make markets work more efficiently in the interests of all people. It is people-friendly markets that are needed. After all, markets are only a means – people, the end.

Establishing people-friendly markets – accessible to all the people, encouraging full participation in the mainstream of economic life, extending benefits to everyone rather than to a privileged few – has several preconditions. There must be a more equitable distribution of income, productive assets (particular land) and credit. There must be enough human investment to enable people to compete on an equal footing.

There must be open market entry – with no religious, ethnic, gender or other barriers. There must be competitive market conditions and regulation of monopolistic practices – to prevent a powerful few from bending the market rules to serve their narrow interests. There must be regulation to ensure that the pursuit of private greed does not create external “bads” (such as environmental pollution) and that the greedy are made to pay for the bads they create. People-friendly markets thus require a very activist government – not to overregulate economic enterprises but to create conditions of more equitable access to competitive markets.” (*Reflections on Human Development*, p. 143)^{vii}

Ul Haq’s observations are very rich:

- Markets are not friendly to the poor.
- Markets are not free.
- Markets are dependent on interest groups.
- Markets are affected by the prevailing distribution of income.

If a policy is not adopted that enables the poor to compete, the poor are destined to lose. Unregulated markets are not favourable to the poor.

Being faithful to his conception of people representing the end of development, whereas markets are only a means, ul Haq expresses the aim that markets are transformed from interest-group markets into people-friendly markets. This transformation cannot happen alone: it needs a corresponding policy. The conditions for friendly markets are the following:

- More equitable distribution of income,
- Enough human investments for people to compete on equal conditions,
- Open market entry with no discrimination,
- Regulation of monopolistic practices,
- Limitation of private greed.

In order that these conditions are established, the government must be active. That is, an active government is needed.

h) Conclusions

In ul Haq’s view, people have usually not been considered in the economic analyses as the end of development. The goal of development has usually been identified with growth in gross national product.

Mahbub ul Haq criticises the interpretation of the goal of development as an increase in GNP. Economic growth is an

instrument; people and human welfare should be the authentic goal of development.

Ul Haq points out that the increase of GNP does not bring necessarily about an improvement in the living conditions of the individual.

Development may not be interpreted correctly if it is not referred to the living conditions of people.

Living conditions of people must be regarded as the criterion on the basis of which development is to be evaluated.

i) Bibliography

Ul Haq, M., *The Poverty Curtain: Choices for the Third World*, New York 1976.

Ul Haq, M., *The Myth of the Friendly Markets*, edited transcript of an address given extempore at the World Bank's Twelfth Agriculture Sector Symposium on January 8, 1992.

Ul Haq, M., *Reflections on Human Development: How the focus of development economics shifted from national income accounting to people centered policies*, told by one of the chief architects of the new paradigm, Oxford 1995.

ⁱ Ul Haq used the experiences which he had been accumulating for example as Director of the Policy Planning of the World Bank. Ul Haq's work brought about the Human Development Paradigms and the Human Development Index.

ⁱⁱ Some assertions of this passage find confirmation in other passages of ul Haq's inquiries. Ul Haq points out that there may be at the same time an increase in GNP and a worsening of the living conditions of the people. This means that the increase in GNP does not automatically bring about an improvement in the living conditions of people. Therefore, an increase in GNP cannot be the exclusive strategy of the economists, if they aim to improve the living conditions of people. Ul Haq writes:

"The most unforgivable sin of development planners is to become mesmerized by high growth rates in Gross National Product and to forget the real objective of development. In country after country, economic growth is being accompanied by rising disparities, in personal as well as in regional incomes. In country after country, the masses are complaining that development has not touched their ordinary lives. Very often, economic growth has meant very little social justice. It has been accompanied by rising unemployment, worsening social services and increasing absolute and relative poverty." (*The Poverty Curtain*, pp. 24, 25)

Ul Haq points out that the attention of economists has been exclusively attracted by high growth in GNP. Correspondingly, the authentic goal of development has not been recognised. Growth in GNP has brought about an increase in disparities: these disparities have regarded both the difference between the incomes of the individuals and the wealth conditions of the different regions, i.e., it has regarded both microeconomic and macroeconomic dimensions. Economic growth has often not had any positive relevance on the life condition of people: there has been no translation of the economic growth on the living conditions of people. Ul Haq points out that economic growth has been followed by an increase in unemployment, by the worsening of social conditions and by an increasing absolute and relative poverty. As we can see, something has not functioned in the economic process and in the evaluations of the economists: economic growth has not improved but worsened the living conditions of people.

ⁱⁱⁱ As regards the authentic end of development, ul Haq resolutely expresses his ideas. The goal of development is the attack on poverty. We can read ul Haq's assertions in the following passage:

"(...) the objective of development must be viewed as a selective attack on the worst form of poverty. Development goals must be defined in terms of progressive reduction and eventual

elimination of malnutrition, disease, illiteracy, squalor, unemployment, and inequalities. We were taught to take care of our GNP, as this will take care of poverty. Let us reverse this and take care of poverty, as this will take care of the GNP. In other words, let us worry about the content of GNP even more than its rate of increase.” (*The Poverty Curtain*, p. 35) The programme is clear: malnutrition, disease, illiteracy, squalor, unemployment, and inequalities are the enemies to fight against. The ends of the economic programme are stated. Ul Haq points out that the traditional attitude consisted in concentrating on the GNP: the idea was that the defeat of poverty would follow from the increase of the GNP. Ul Haq contends that the correct attitude ought to consist in concentrating the attention on the fight against poverty. The increase of the GNP would then follow from the fight against poverty. The order of aims should therefore be changed.

^{iv} An increase in GNP does not automatically mean a diminution of poverty:

“The essential point, however, is that a high growth rate has been, and is, no guarantee against worsening poverty and economic explosions.

What has gone wrong? We were confidently told that if you take care of your GNP, poverty will take care of itself. We were often reminded to keep our eyes focused on a high GNP growth target, as it was the best guarantee for eliminating unemployment and of redistributing incomes later through fiscal means. Then what really happened? Where did the development process go astray?

(...) My feeling is that it went astray at least in two directions. First, we conceived our task not as the eradication of the worst forms of poverty but as the pursuit of certain high levels of per capita income. We convinced ourselves that the latter is a necessary condition for the former but we did not, in fact, give much thought to the interconnection. We development economists persuaded the developing countries that life begins at \$ 1,000 and thereby we did them no service. They chased elusive per capita income levels, they fussed about high growth rates in GNP, they constantly worried about “how much was produced and how fast,” they cared much less about “what was produced and how it was distributed.”

This hot pursuit of GNP growth was not necessarily wrong; it only blurred our vision. It is no use pretending that it did not, for how else can we explain the worsening poverty in many developing countries? How else can we explain our own preoccupation as economists with endless refinements of statistical series concerning GNP, investment, saving, exports and imports; continuing fascination with growth models; and formulation of evaluation criteria primarily in terms of output increases? If eradication of poverty was the real objective, why did so little professional work go into determining the extent of unemployment, maldistribution of incomes, malnutrition, shelterless population or other forms of poverty?” (*The Poverty Curtain*, pp. 32, 33)

Ul Haq often asserts that a high growth rate does not automatically bring about a diminution of poverty. Poverty can worsen even in conditions of high growth rate. The mistake of the economist lay in the exclusive concentration on GNP. It was believed that the growth of GNP would solve all problems with poverty. Inquiries into unemployment, not uniform distribution of income, malnutrition, shelterless population and so on were not considered.

^v It is interesting the opposition which Ul Haq poses between employment and capital. The preference goes for employment. The correct economic strategy should go for employment:

“(…) employment should become a primary objective of planning and no longer be treated as only a secondary objective. Let a society regard its entire labor force as allocable; over this force its limited capital resources must be spread. Let us reverse the present thinking that, since there is only a fixed amount of capital to be allocated at a particular time, it can employ only a certain part of the labor force, leaving the rest unemployed, to subsist on others as dependents or as beggars, without any particular income, often suffering from the worst form of malnutrition and squalor. Instead let us treat the pool of labor as given; at any particular time it must be combined with the existing capital stock irrespective of how low the productivity of labor or capital may be. If physical capital is short, skill formation and organization can replace it in the short run. It is only if we proceed from the goal of full employment, with people doing something useful, even with little doses of capital and organization, that we can eradicate some of the worst forms of poverty.” (*The Poverty Curtain*, p. 36)

Full employment is the objective. Ul Haq refuses the idea that, since capital is limited, employment should be sacrificed. On the contrary, full employment ought to be the goal of the economic strategy. The economic strategy ought to have the goal of producing employment: the involvement of the economy in a society may not be left to itself.

^{vi} Ul Haq expresses clear ideas as regards the question of the environment. Protection of the environment is a means, not an end. The aim of the economic strategy is human life:

“What we need to sustain is human life. Sustaining the physical environment is a means, not an end, just as GNP growth is only a means towards human development. The environmental debate must be given a human perspective to save it from the excesses of environmental fanatics, who often seem more interested in saving trees than in saving people. A more meaningful concept, therefore, is sustainable human development, putting people at the centre of the environmental debate.” (*Reflections on Human Development*, p. 78)

The goal of the economic strategy is to save people, not to save trees.

^{vii} Ul Haq points out that the growth of GNP does not extend itself to the poor classes. There is no point in believing that the increase in the GNP will have an automatic effect on poverty:

“- growth in the GNP often does not filter down: what is needed is a direct attack on mass poverty;

the market mechanism is often distorted by the existing distribution of income and wealth: it is generally an unreliable guide to setting national objectives;

institutional reforms are generally more decisive than appropriate price signals for fashioning relevant development strategies;

new development strategies must be based on the satisfaction of basic human needs rather than on market demand;

development styles should be such as to build development around people rather than people around development;

distribution and employment policies must be an integral part of any production plan: it is generally impossible to produce first and distribute later;

a vital element in the distribution policies is to increase the productivity of the poor by a radical change in the direction of investment toward the poorest sections of society;

a drastic restructuring of political and economic power relationships is often required if development is to spread to the vast majority of the population.” (*The Poverty Curtain*, pp. 27, 28)

Ul Haq contends that the correct strategy should consist in directly attacking poverty. The attack on poverty cannot be dealt with indirectly by trying to increase the GNP. Among other things, ul Haq points out that a strategy for promoting employment should be a component of an economic policy.

