Part II  Poverty and human development

An unfavorable world economic environment casts shadows over the lives of people in developing countries; the poorest in particular face acute hardships. Part I of this Report has stressed the steps that developed and oil-producing countries in particular must take to improve the international environment for growth—without which, efforts to help the poor will be of limited avail. Part II concentrates on certain other measures to reduce absolute poverty.

In the 1970s it was increasingly recognized that economic growth alone would not reduce absolute poverty at an acceptable speed. So those involved with development—including the ILO and the World Bank—gave attention to four different, though largely complementary, strategies: increasing employment, meeting basic needs, reducing inequalities in income and wealth, and raising the productivity of the poor.

This part of the Report draws on all these approaches to overcoming poverty. But it combines them with a strong concern for growth. And it integrates them with a related strand of thinking—human resource development, here called human development to emphasize that it is an end as well as a means of economic progress.1 Human development encompasses education and training, better health and nutrition, and fertility reduction.

The focus is on absolute poverty—a condition of life so characterized by malnutrition, illiteracy and disease as to be beneath any reasonable definition of human decency. Yet within a particular society at a particular time, poverty is often (and for many purposes should be) defined relative to average living standards. It would be wrong, for example, to use the same poverty line in appraising policy, say, in Argentina and Bangladesh. Relative poverty is also important because the distribution of assets, incomes and power has a profound impact on prospects for reducing absolute poverty. And reducing relative poverty is regarded as important in itself in most countries.

Despite these links between absolute and relative poverty, there are fundamental differences. Equal sharing of poverty or of low life expectancy is not the purpose of development. Conversely, some policies that benefit large numbers of poor people have an ambiguous effect on the overall distribution of income and may even make it more unequal. And while countries differ considerably in the priority they attach to distributional objectives, there appears to be unanimity on the need to reduce, and at some point eliminate, absolute poverty.

The role of human development in alleviating poverty has been debated for several hundred years. In Europe in the 16th to 18th centuries, there was a vigorous dispute between those who believed that education would make the poor more productive and better citizens, and those who believed that it would make them challenge the established order. (With hindsight, both were clearly right.) Political as much as economic considerations impelled the United States and Japan toward universal primary education in the 19th century.

Economists, meanwhile, have seldom given prominence to the quality of the labor force, especially in their formal models. In the 1950s and early 1960s, there was a wave of optimism about the contribution of education to economic development. Partly for want of quick and obvious results, enthusiasm then waned. But research continued—and the chapters that follow draw together its results.

The case for human development is not only, or even primarily, an economic one. Less hunger, fewer child deaths and a better chance of primary education are almost universally accepted as important ends in themselves. But in a world of tight budgetary and manpower constraints, the governments of developing countries must ask what these gains would cost—and what the best balance is between direct and indirect ways of achieving them.

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1. Earlier World Development Reports have covered other aspects of development policy. In 1978 the central topic was the problems and prospects of low-income Asia and Sub-Saharan Africa. In 1979 industrialization, employment and urbanization were the main issues addressed.