

Development News – 28th October, 2016.

It's obvious but so overlooked

<https://www.theguardian.com/global-development/2016/oct/27/free-school-meals-young-learners-liberia-marys-meals>

<http://www.worldbank.org/en/news/speech/2016/10/17/to-end-poverty-give-everyone-the-chance-to-learn>

Arithmetic tells us that a nation can reduce its rate of poverty with more economic growth or a more equal distribution of income. A simple saying, oft repeated because it sounds so plausible, frames this arithmetic as a grim choice between growth and equality. "You can make the pie bigger or divide it up more evenly, but you cannot do both."

Despite its appeal, this intuition is wrong, and wrong not just about the details, wrong not just by a little. It is totally off the mark. We know from the recent experience in [Bangladesh](#) that it is possible to have more growth and more equality. I am also convinced that it is possible to sustain a pattern of growth via equality as it evolves into a middle-income country, but only if the government takes on new responsibilities and makes the new types of investments required to give everyone the chance to learn.

When growth speeds up, income inequality can increase temporarily. When it does, this seems to confirm our fears about the grim tradeoff. But this type inequality arises because the benefits that all can ultimately share diffuse slowly. At first, only a few people have access to the chance to learn from new ideas. Then as others gain access, they learn too. During this second, catch-up phase, the diffusion of ideas increases growth as it equalizes income. The experience in Bangladesh shows that it is possible to diffuse new ideas quickly enough to avoid even this temporary increase in inequality. The question is what it must do to sustain this high rate of diffusion as the economy becomes more sophisticated.

There are many visible examples of the benefits that people receive from the diffusion of ideas. In 1980, there were about 300 million phones on earth. Today, there are more than 6 billion, and the clear majority of people who got the new phones lived in a low or middle income country. But what we see when a country such as Bangladesh or China opens itself up to inflows of ideas is not simply that people have the chance to buy a phone that is much less expensive. The more profound benefit from the diffusion of ideas is that people gain access to the chance to learn. Access to new ideas lets them acquire more human capital.

Because opening lets them acquire more human capital, a shrinking number of agricultural workers can supply all the food for everyone else. A growing number of workers can escape the hardship and risk of small-holder agriculture and switch to jobs in manufacturing, then in services. Many women get their first chance to be paid a wage for the work that they do. All these workers get more than a wage. They get the chance to learn on the job. They absorb such basics as the importance of strict adherence to quality standards when work is done by a large team. These basics open opportunities for new types of employment. These workers also learn from the stimulation of richer social environment offered by the cities they move to.

In the data, the extra human capital shows up not just in the changing mix of jobs, but also in higher wages. As the World Bank's new report on Poverty and Shared Prosperity shows, in the last few decades, this catch-up process means that income have been rising more rapidly at the bottom end of the worldwide distribution of income. Thus, the worldwide distribution of income is becoming more equal.

The dynamic I am describing shows up both in comparisons between countries and in comparisons across people within a country. New ideas spur growth. Income inequality goes up because in the beginning, only a few have access to the chance to learn from them. Frequently, those few are the lucky ones who live in its cities. If better policy could speed up the rate of diffusion of access to new ideas, growth will be faster and the temporary period of increasing inequality will be shorter, perhaps might even be skipped entirely.

So today, on [End Poverty Day](#), my goal is to convince you that the strategy based on catch-up growth that has worked for your nation can work equally well as you strive to sustain your rate of growth and keep reducing poverty. You do not face a tradeoff of growth versus equality. You have a chance to pursue growth via equality.

The highest returns may come from investing in the people who have the biggest opportunity to catch up with everyone else. All they need is a chance.

There is a tradeoff that you will face, a tradeoff between government and the market. But here too, the familiar story misleads when it suggests that to sustain growth, an economy needs less government. The government can get in the way, and the economy does need less of this, but in Bangladesh, and in many similarly situated countries, the real problem is too little of the type of government that the market needs to keep generating more sophisticated jobs. Only the government can ensure that everyone has the opportunity to learn from new ideas. As an economy develops, providing this type of access becomes ever more challenging.

Let me illustrate what I mean when I say “give people the chance to learn.” The government can make it possible for a foreign firm to enter and open a factory. Workers in this factory learn on the job, and as a result, accumulate human capital and earn wages that are higher with each year of experience. Typically, this means that within a few years, the worker moves to a job that can use her new skills, often in a different firm, perhaps one that the worker starts. Just as some schools give students a better chance to learn, some jobs offer better chances to learn. Firms that have access to more modern technology and more skilled managers are likely to offer the best chance to learn. This chance is a particularly important one because it gives people who are no longer in school a chance to keep learning. Even when schools fail, there is another way for someone to learn.

Bangladesh has clearly been very successful at offering many workers this chance to learn on the job. In the early stages of the growth process, a government can offer this opportunity merely by welcoming foreign firms. But very quickly, the amount of room that is available in a nation's cities becomes a binding constraint. To offer this opportunity to everyone, the government must take the lead in expanding its urban area to make room for all the firms and workers who want to benefit by working together. The congestion for which Dhaka is now famous suggests that the plan for urban expansion throughout the country was not ambitious enough to meet the rapidly growing demand.

The more familiar way to offer a chance to learn, the one that the World Bank has with good reason, been emphasizing for years, is by having the government provide good schools. When a young person spends an extra year in a good school, this increases the amount that he or she will produce and earn on the job. Sadly, many schools fail to deliver on this promise. It is not enough to get children to sit in a classroom. An effective government ensures that children actually learn more with each year of seat-time.

As development takes place, providing equalizing access to the chance to learn requires even more sophisticated government services. Many children start life with a disadvantage because disease and poor nutrition leave them with a smaller body and a less developed brain. The experience in Peru demonstrates that an effective government can use modest expenditures to reduce the fraction of children who suffer from this type of stunting. The experience in other countries also demonstrates that a government can devote resources to this type of effort and end up with nothing to show for its efforts.

Extra mental stimulation, especially more exposure to the words said by an adult, can help a child be ready to learn when he or she starts school. This extra stimulation can help so much that it offsets the disadvantage of stunting. We know from the experience in Bangladesh that civil society can step in to fill gaps and provide services that improve health for everyone. Nevertheless, in most countries, only the government can provide the targeted assistance that removes disadvantage and ensures that every student starts school with a realistic chance to keep up with the other children.

Once children are in school, the best school systems make extra investments in the children that would otherwise fall behind. Throughout primary school, anyone who lags gets extra instruction time by the most experienced teachers. With these compensating investments, the school system can keep all children in at the same level of achievement. For example, some children take a little longer to learn to read. These compensating investments make sure that this minor and short-lived problem does not turn into a self-reinforcing cycle of discouragement and reduced effort that ends with an early departure from school.

All these investments can be justified on the basis of a commitment to equality. The point I want to emphasize is that they can also be justified purely on the basis of a commitment to economic growth. The return on an investment that prevents someone from giving up the chance to learn is likely to be much higher than the return that would follow if the same resources were used to help children who will learn in any case.

So to conclude, you do not face a choice of growth versus equality. You have the chance to pursue growth via equality. Government investments that pay the highest returns are likely to be the ones that provide people the chance to catch up by learning, and these investments also reduce income inequality.

It is an easy strategy to endorse, but not an easy one to implement. Many countries miss this opportunity because the government is not effective enough to make the investments that make it possible for everyone to have a realistic chance to learn.

As Bangladesh strives to move from a low-middle-income country to middle-income, End Poverty Day provides an opportunity to ask whether its government is keeping up with the rapidly evolving economy. Is there room in its cities for all who want to come? Can people in these cities get to and from work? Can firms get the inputs they need on a timely basis and ship out the goods they produce? Does the average student actually learn something during each year spent in school? Do the schools and government service providers make the compensating investments needed to ensure that small disadvantages that can easily be addressed do not deprive any child of the opportunity that everyone wants, the chance to keep learning?

Let me confess that there are comparable questions that you should ask me as Vice President with direct responsibility for the research efforts of the World Bank. Are we providing relevant guidance to a government such as yours? If you came to us and said "what specific steps should we do to reduce stunting quickly, or ensure that children are ready to learn, or to plan for rapid but orderly expansion of your urban area, would we be able to respond? I think we too can do better. As we both strive to do better, perhaps we will find opportunities to work together.

If Bangladesh and the World Bank can soon answer yes to such specific questions as these, Bangladesh will be able to sustain its recent pattern of rapid growth and more equality. All countries will be better able to learn from its experience. Then we will have a realistic chance to lift everyone out of extreme poverty.

But we must move quickly. Every day of delay wastes precious human potential. Every person, young or old, rich or poor, should have the chance to keep learning.

Thank you very much.

http://www.un.org/apps/news/story.asp?NewsID=55314#.WBJr_iTWEs4

17 October 2016 – Poverty is both a cause and consequence of marginalization and social exclusion, United Nations [Secretary-General](#) Ban Ki-moon said today, stressing that to fulfil the promise of the [2030 Agenda](#) to leave no one behind, “we must address the humiliation and exclusion of people living in poverty.”

In his [message](#) to mark the [International Day for the Eradication of Poverty](#), the Secretary-General said that implementation of the 2030 Agenda is reaching the end of its first year, and with its 17 Sustainable Development Goals ([SDGs](#)), it embodies a universal vision for peace, prosperity and dignity for all people on a healthy planet.

Achieving this objective is inconceivable without executing the mandate of [SDG 1](#), which aims to end poverty in all its forms, he explained, stressing that some one billion people still live in extreme poverty and more than 800 million endure hunger and malnutrition.

“But poverty is not simply measured by inadequate income. It is manifested in restricted access to health, education and other essential services and, too often, by the denial or abuse of other fundamental human rights,” stated Mr. Ban.

He went on to say that humiliation and exclusion are powerful drivers of social unrest and, in extreme cases, the violent extremism that is troubling so many parts of our world. But, in most instances, people living in poverty respond to these societal ills with stoic resilience as they work to escape the degrading reality of their daily lives, continued the Secretary-General.

We must break down the walls of poverty and exclusion that plague so many people in every region of the world – Secretary-General Ban Ki-moon

Noting the theme for the International Day, [Moving from Humiliation and Exclusion to Participation: Ending Poverty in All its Forms](#), the UN chief said this can be achieved by building inclusive societies and promoting the involvement of people in global efforts.

Mr. Ban said it is the duty of all Governments and societies to address socio-economic inequalities and facilitate the engagement of all people living in extreme poverty so they can help themselves, their families and their communities to build a more equitable, sustainable and prosperous future for all.



A woman working for a collective prepares “clay cakes,” sunbaked disks of clay, butter and salt, which have become a symbol of Haiti’s struggles with extreme poverty and hunger. UN Photo/Logan Abassi

“We must break down the walls of poverty and exclusion that plague so many people in every region of the world. We must build inclusive societies that promote participation by all. We must ensure the voices of all those living in poverty are heard,” he underscored.

'Poverty is about money, but never just about money'

In her [message](#), on the Day, Irina Bokova, Director-General of the UN Educational, Scientific and Cultural Organization ([UNESCO](#)) said, “poverty is about money, but never just about money,” as underlined by the agency's [2016 World Social Science Report](#). Better understanding of the relationships between income and other dimensions of poverty can help to empower people living in poverty as agents of change, she added.

The UNESCO chief went on to say the goal to end poverty in all its forms by 2030 is tough but achievable. “The key to success rests on political determination, driven by solid knowledge about the causes, mechanisms and consequences of poverty,” Ms. Bokova stated.

Indeed, eradicating poverty demands renewed policy approaches and more comprehensive and sophisticated knowledge. Beyond traditional mechanisms of poverty reduction, poverty can be only solved by tackling inequalities. “So long as injustice and exploitation are embedded in economic, social and cultural systems, poverty will continue to devastate the lives of millions of women and men,” she said.

Ms. Bokova stressed that UNESCO stands for social justice within societies, because ending poverty is not just helping the poor, but also giving everyone a chance to live with dignity

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