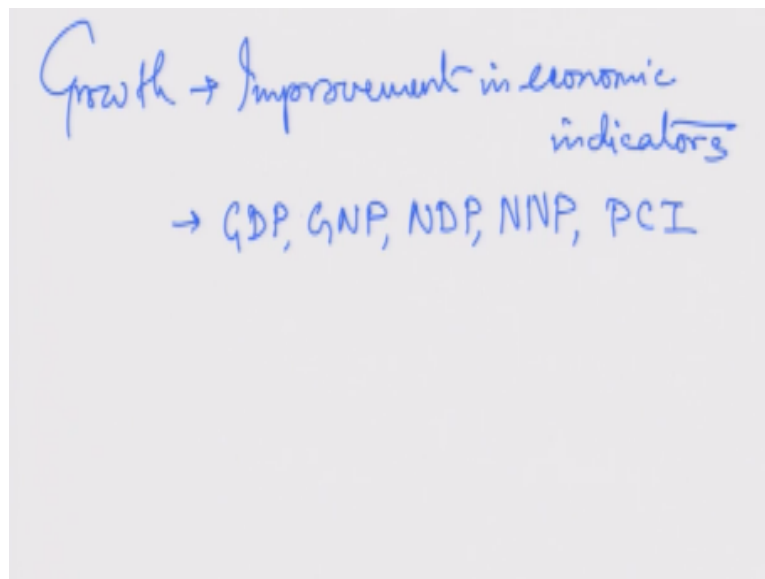


Economics of Health and Healthcare
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Lecture – 45
Growth Versus Development

Hello everyone, this session we will start discussing about the development aspects or how you know, health is poor population health is associated with several development indicators or the policy makings or you know, so while doing that we will start with the debate between growth versus development you know, growth and development. So, what is growth primarily, whenever we talk about growth, you know in economics or anything related to economics or socioeconomic development?

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When we talk about growth, it is basically that you know the improvement in economic indicators, so growth is basically, improvement in economic indicators now, these economic indicators can be say, our GDP, GNP, yeah gross domestic product, gross national product NDP, national domestic product, NNP you know, my per capita income. Now, what is gross domestic product?

Gross domestic product is the values of total goods and services produced within a particular country, domestic, right within a particular country during a particular year, so the value for goods and services produced during a particular year within a particular country, GNP is gross

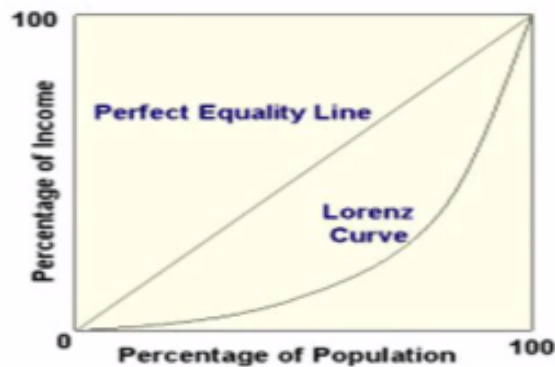
domestic product + the net you know, the income earned from abroad, so the gross domestic product + the income earned from abroad by the country's citizens.

The net domestic product is - the deposition and all the values of intermediary goods, net national product is again GNP minus the value of intermediary goods, where per capita income is the total GDP/ the total number of population that is the average income rate, per capita income. So, whenever we talk about the growth of the country, we will say that GDP has increased by this percentage, GDP GNP has increased by that percentage and all.

But you know, this is fine that our economy is improvement but does this economist improve or the per capita income but does this really mean that our country or the society is developing not really, so there are several limitations of these growth indicators, the number 1 being inequality, see a country in a Middle Eastern country, where we see the; where we see the per capita income is very, very high.

But that is primarily because a certain and a very small proportion of population holds the largest share of the money and in the rest of the people are really poor, yes but the you know that probably 1% is probably holding that the 99% of the money, if you know about Guinea coefficient and all, all right or the Lorenz curve.

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What is happening is you know, we try to estimate that how far this curve is you know, how close this curve is to this diagonal line and then, we try to estimate that if this is far away, then the smallest section of the population is holding a largest section of the income and that is that is really not desired yeah, so then then you know it is it is not a good equity condition or the inequality is very high.

And then, in these growth indicators, we cannot really measure this inequality and the next thing is that again the, there are certain indicators, certain variables such as the say, the black market you know or the; or the productivity which is not monetarily accounted such as say some informal economy where you know people are paid in terms of kinds or our mothers who do not have any economic activity who are not you know, contributing economically probably earning money.

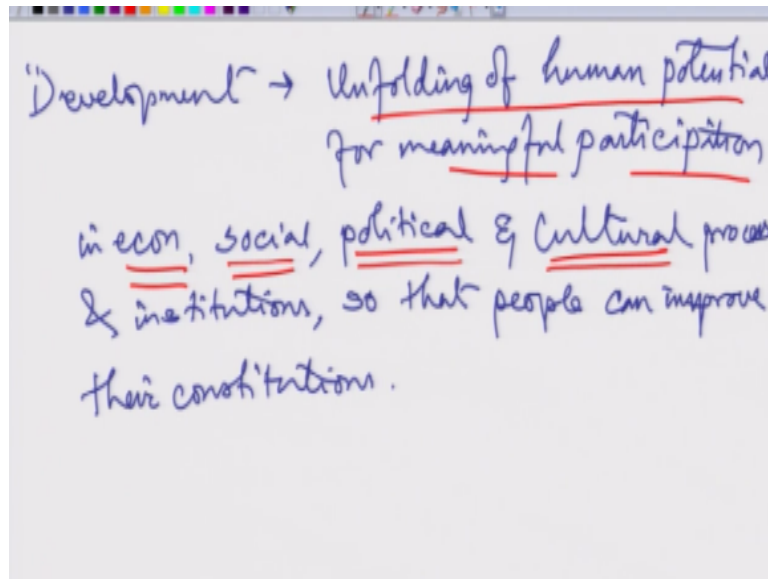
But at the same time, they are you know household level contribution is really, really enormous so but there that is never accounted for in the gross domestic product and because they work probably, the male, you know the females in the houses work, if they do not go for you know any economic earning probably, the males of the you know; members of that household can contribute better towards the economic condition of the household.

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- Black/informal economy
- Some economic activity not recorded – subsistence farming and barter activity, for example
- Some economic activity is carried out illegally – bribes, cash transactions with record etc.
- Work of the non-paid may not be considered but may contribute to welfare – charity work, housework, etc.

So but these things are not actually accounted for these growth indicators and then, once they are not accounted for the growth indicators, it falls back and then you know, the development of that country, of the society is not measured in a holistic way.

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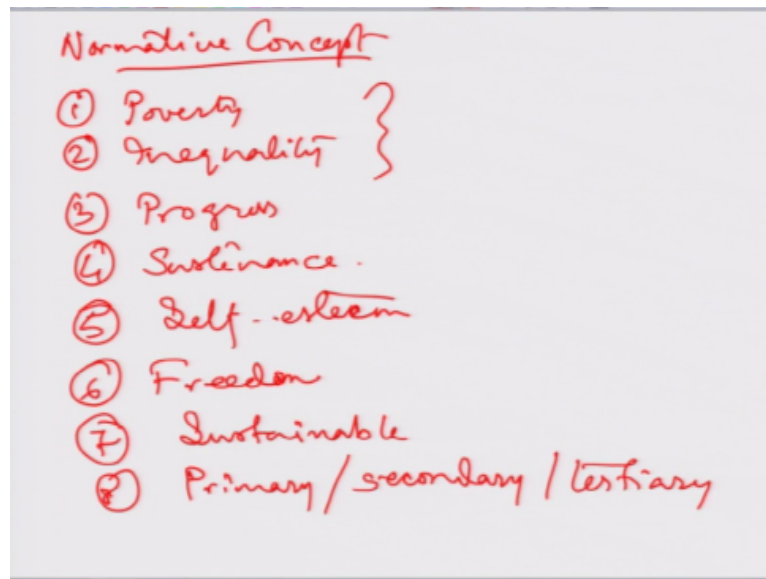


So, on the contrary to the growth, when we talk about development it is often you know, it is often defined as, it is often defined as that unfolding of human potential for meaningful participation in economic, social, political and cultural processes and institutions, so that you can see now, even the gender equality you know where the women or the political leaders now or the some seat share is the 3 is to 1 or something like that in the Panchayat Raj institutes like in the garuda level in the world level municipal elections and all.

Institution, so that people can improve their conditions, there should not be any discrimination that a certain section of the population cannot go to this school, certain section of the population cannot have in this particular hospital or you know, there is no treatment facility for a certain village, so everybody should be able to unfold their human potential, so that you know whatever is their capability, they can utilize that.

And they can meaningfully participate that means, they, they have a contribution you know they are positively contributing towards the benefits of or towards the improvement of the society in terms of economic activity, social performance, political involvement and cultural performances for any process or in an institution you know and it is basically a normative concept yeah and then it talks about several indicators.

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This normative concept of development talks about say, poverty, inequality because you know these are the ones, which you know can be estimated by growth but overlooked by the growth, 3; the progress, sustenance; the sustenance means the ability to find the basic needs; food like (FL), yeah, food, shelter and other basic provisions, self-esteem, a person's self-esteem is very important.

Because otherwise, if you go back you know, this political or cultural process or even the social processes, even the economic processes will be deterred or their meaningful participation will be deterred, next is freedom not only freedom from other foreign you know, entities or intruders but also freedom from bondage labour, freedom to get themselves educated, freedom to avail a certain benefit and all this yeah.

7 is sustainable freedom to speak, freedom to perform a particular activity you know, 7 is sustainability now, it is the hot cake you know, sustainability because under these environmental degradation, we have problem about sustainability and then there is a concept of sustainable development goal, we will learn more about that and then this sustainability means we you use our resources in such a way that our future generations will not suffer you know.

So, we have to utilize our resources, so that the you know there is sufficient amount of resources left for the future generations and then the final one is a holistic development you know comprising of primary, secondary and tertiary, so in terms of say, medical care there should be primary health centre, there should be secondary level health care facilities and there should be tertiary for all sections of the population.

Yeah, so if I go back to this you know, unfolding of human potential that means, whether they are utilizing their capability or not so, I just catch this word capability and go to the Amartya Sen's theory of capability approach.

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So, what Professor Sen says it has got 3 components right, so 3 components; number 1 is entitlement that every single entire individual in; every single; entitlement, should be you know a entitle for some all goods and services, which is available you know there should not be any difference you know, across groups or within groups, so the especially the life sustenance, self-esteem, it is ensured by this entitlement or proper entitlement.

The second is capabilities, realize the capabilities of different people, different population or if some people are or some population is lacking from the capabilities then probably, you need to you know make them capable, provide them the basic education provide them with the information, provide them with better health care facilities because they should be physically capable as well.

And so that you; with this health, education, information and occupation, their capabilities are better utilized and it helps in the nation building, then the third one is functioning, if the capabilities after you entitled everybody to certain you know, so the basic amenities, the education, health, occupation and all and if you, you know it is developing the human resources and certainly, it moves towards occupation.

If they can be developed as a better human resource and the capability is improved, so not it is not only entitled; entitling everybody with the basic health and education, the capability improves also because of the better quality, so capabilities talk about the quality as well, so in

terms of the quality, if you can provide them the better quality of health, education or you know the basic sustenance and the reasons to find their self-esteem or freedom.

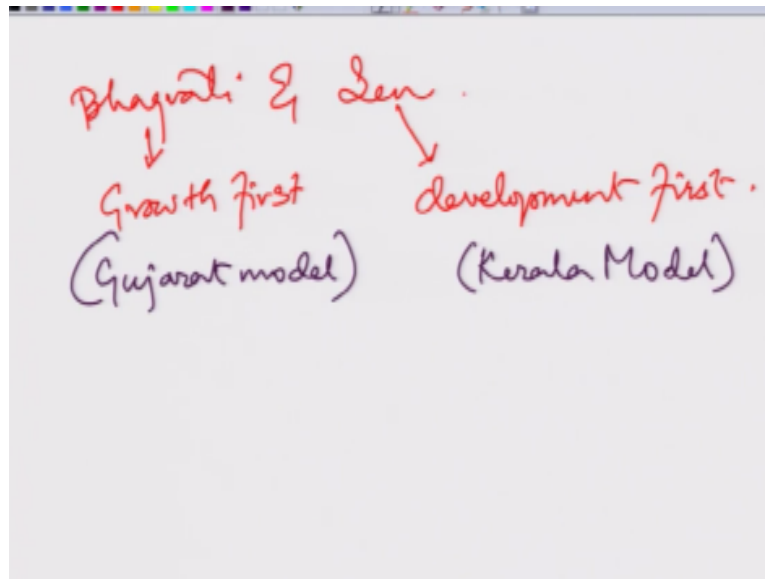
In that way probably, the functioning is also better and if the function is better, functioning is better, the society and the economy is certainly doing good, so and it is like all these entitlement capabilities, functioning should be you know in terms of, it starts everything starts with that political and civil rights; civil rights within the society across the societies and you know and then, it ensures the economic freedom, yeah.

And once economic freedom is also there, then we should talk about social opportunities not only work but you know there should be social opportunities for other, many other you know aspects of life as well and then, we should talk about the transparency and security, it can be employment benefit, it can be emergency relief, it can be some accidental coverage, this security you know social security schemes.

And transparency of course, is talking about the you know, the corruption and then how government works mutually with the civil rights organization with the people in general with the private bodies and all, so this is all about capability approach, what Professor Amartya Sen says and then the core values will be apart from this, out of these the core values what we try to achieve is nothing but the sustenance, self-esteem and freedom to choose or freedom choice, right.

So that means they, they have the basic sustenance now after sustenance, they then want self-esteem, after self-esteem they should also; they have to have you know better choices of life, so and you know and this, this is a basic development indicator which has moved beyond the growth, so you can see economics is also talking about economic freedom, so we are just not talking about the growth.

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So, the debate between growth versus development actually, is like if you recently have seen or just you know during last couple of years, Professor Bhagwati and Professor Sen, if you see these then probably, you will find that Bhagwati was the proponent of growth first and Professor Amartya Sen was fast development, right and to me it is like, whether it is egg comes first or chicken comes first you know, which is fast and we really do not have an answer.

Because one is little right, one is towards left is are socialist, so the growth first is like you have to have like say, first bring growth, you know bring the economic development, once people have jobs then probably, they will have just bring jobs you know, set up industries and all, you know once or tertiary care sector service sector based development, mostly tertiary care sector because for service sector, they will require some amount of education.

So, if the tertiary sector develops, then people have jobs, people have money, so they will send their children to the better education and to have better education will you know spent behind their health so naturally, the next generation will be benefited with the better resources whereas, development for says and that first develop the society, develop the human resource, give better health, better education and they will only bring the jobs if a society is well capable.

Then, why would not the jobs come to come to them, so there will be jobs and then it is government's responsibility to provide them with better health, better education, better information, better political choices and all this, right and that actually, has a direct impact of bringing in job because they are good and then the jobs will come to them, so again it is; it is very difficult to say, so if you know that for Amartya Sen, like it is Kerala model of development.

And it is kind of a Gujarat model of development, Gujarat model of development yeah, so and then we want to see that you know we wanted to see that what is really helping but we really do not have proper answer or convincing answer that which really works better, so the probably the socialist point of view from the socialist point of view, they will say we must work towards development and then somebody who talk about the you know, the economy first.

Then, they will say we must first have growth and that will ensure development, once the country has money, the government has money, once people have money then that can work together towards a better development you know so and then the you know the debate continues, thank you.