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Lesson from UNDP's annual report: correcting public policy doesn't mean rejecting wealth creation

THAT the UNDP started publishing its Human Development Report (HDR) roughly at the time — the early 1990s — India began an economic policy course correction may be a coincidence. But it is a coincidence that makes this annual reminder sharper for India. To take only one of the many sobering statistics from HDR 2006, India's per capita income growth has averaged four per cent annually since 1990 but its trend rate for reducing child mortality has gone down — from 2.9 per cent annually in the 1980s to 2.2 per cent annually since 1990. India has created wealth, it continues to create wealth and that success makes its failures in many areas of social policy starker.

The answer of course is not a reversal of reforms. Homegrown anti-reformists should note that previously reliable market reform sceptics like UNDP have become more sophisticated. HDR 2006's observation that India is one of the success stories of globalisation doesn't come loaded with Social Forum-type irony. The report points out that income growth not

yielding better general living conditions is explained by wrong public policy. And correcting the wrongs doesn't necessarily mean truckloads of freebies.

Talking about access to water, HDR 2006's main theme, the report argues that in many cases the poor and the middle classes in developing countries face similar problems: the state doesn't have the money to expand supply networks and improve efficiency. Privatisation may not be the only solution. Private water utilities, as experience in many countries suggest, are not unproblematic in terms of improving access. As our columnist today — one of HDR's authors — points out, a water policy has many complex dimensions. But privatisation can't be an absolute non-option. And when the issue is the market and the poor, the thing to remember is that the poor are already in the market, the wrong kind, created by the insufficiency of state policies. How one wishes that Delhi politicians "speaking for the poor" and holding up reform in the Delhi Jal Board would read studies like HDR more carefully.