

DOES ECONOMIC GROWTH ALWAYS ALLEVIATES POVERTY?

OUTLINE

A) INTRODUCTION:

Thesis Statements: Economic growth always alleviates poverty through various ways including surge in foreign direct investment, increasing spendings on developmental programs and creating large fiscal space for welfare programs.

B) ECONOMIC GROWTH ALWAYS ALLEVIATES POVERTY:

(i) Increase in Foreign Direct Investment: Business Growth and Poverty Alleviation

Case in study: Vietnam's Economic Model since late 1980's

(ii) Reduction in poverty by Increasing Developmental Spendings

Case study of World Development Report 2020 by World Bank.

(iii) Higher Government Revenue: Increased Fiscal Capacity to Fund Welfare Programs

Case in study: International Monetary Fund's Report on Fiscal Policy and Development (2019)

(iv) Economic Growth Increases the Skilled Labor through Improved Educational Investments

Case in study: Human Development Report 2022 by UNDP

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(v) Integrating the Modern Agricultural Practices

Case in study : Report on 'The future of Food and Agriculture' by Food and Agriculture Organization

(vi) Surge in Industrial Development through Persistent Growth : Increase in job creation and elevating living standards

Case study of China

(vii) Continuous Economic Growth Increases Human Capital and Institutional Capacity

Reference : 'Development as Freedom', a book by a Noble laureate Economist

(viii) Increase in per Capita Income Reduces The Poverty

Reference : 'The Consience of a liberal' by Paul Kugmann

(ix) Inclination Towards Export Driven Economy Decreases the Poverty Level

Case study of Malaysia

(x) Improved Educational and Technological Partnerships through a Strengthened International Economic Outlook

Case Study : South Korea - From Poverty to Global Tech and Education Hub

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C) MYTH OF ECONOMIC GROWTH BEING A DRIVING FORCE BEHIND POVERTY ELEVATION:

i) Growth Causes Inequality which increases poverty

Rebuttal: Economic growth, when complemented with progressive fiscal policies and social welfare programs, can distribute wealth more evenly.

Case study of Nordic nations

ii) Economic Growth Benefits Urban Areas Only

Rebuttal: Targeted rural development initiative and infrastructural investments can extend growth benefit to remote regions.

Case of Vietnam as noted by World Bank

iii) Growth Creates Low-Wage Jobs, Trapping People in Poverty

Rebuttal: Sustained economic growth often leads to industrial upgrading and higher-wage employment over time.

UN report on China's manufacturing-led growth.

iv) Modern Economic Growth Focuses on GDP, Not Real Human Welfare

Rebuttal: Economic growth creates fiscal space.

IMF (2019) reports → the higher the fiscal space, the higher the spending on social sector

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v) Political Cohesion and Addressing Security Issues Alone Alleviate Poverty

Rebuttal: Economic growth provides the resources and stability necessary for effective governance and social investment, a World Bank (2020) report.

D> CONCLUSION:

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THE ESSAY

According to the book "Why Growth Matters", a strong economy is essential for developing countries, as economic growth provides the foundation for redistribution and is central to reducing poverty. As evident from this statement, economic growth serves as a prerequisite for poverty reduction, particularly in developing nations. Any unusual or abrupt fluctuations in economic patterns can push millions below the poverty line; however, sustained growth consistently pulls people out of misery and poor living conditions. It functions by continuously attracting foreign direct investment, which eventually raises fiscal revenues and enhances the government's capacity to invest in development. Poverty declines as developmental spendings and fiscal capacity to finance welfare programs increase. Moreover, economic growth enhances the pool of skilled labor by improving access to education and technical training. It also promotes the integration of modern agricultural practices across the country, thereby increasing rural incomes. Furthermore, economic development expands the job market and elevates overall living standards.

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Hence, economic growth continuously alleviates poverty through the promotion of foreign direct investment, expansion of developmental spending, and reinforcement of social safety nets, along with several other mechanisms.