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Shared Prosperity Characterized by Four Development Goals: Pro-poor Growth, Pro-poor Development, Inclusive Growth, and Inclusive Development

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This lecture will be on shared prosperity. Economic Growth enhances total prosperity, increasing the economic pie in society, but the pie distribution determines how the population shares the pie.

Economists are deeply divided, and some believe that society must focus on policies to enlarge the pie and then have policies to divide the pie equitably. The belief is that expanding the pie size and dividing the pie are mutually exclusive. We do not share this view; we view the two phenomena as interrelated.

Based on a social welfare framework, we have developed an integrated methodology to evaluate growth and distribution simultaneously. Linking the two phenomena gives rise to four development goals: (i) pro-poor growth, (ii) inclusive growth, (iii) pro-poor development, and (iv) inclusive development. The literature has not distinguished these four goals. These four goals provide an alternative characterization of shared prosperity.

The paper defines the four goals, providing a methodology to operationalize them using real-world data. The empirically measured goals inform at what rate the shared prosperity is enhancing in any country or the world. The methodology is applied globally to determine whether the growth and development have been pro-poor and inclusive in 173 countries over the two

Biography:

Nanak Kakwani was appointed Distinguished Fellow of the Gulati Institute of Finance and Taxation in India in September 2021. He has been a Visiting Professor of Economics at the China Institute for Income Distribution at Beijing Normal University, China, since 2017. He was a Professor of Economics and Head of the Department of Econometrics for 30 years at the University of New South Wales in Sydney, Australia, from 1970 to 2000. He was Chief Economist and Director of the UNDP International Policy Centre for Inclusive Growth in Brazil from 2004 to 2006.

Kakwani's research areas include poverty, inequality, pro-poor growth, taxation, public policies, human development, and social welfare. He has published over 100 papers in leading international journals (including nine papers in Econometrica) and six books published by reputed publishers like Oxford University Press, Cambridge University Press, Palgrave Macmillan, and Edward Elgar.

He was elected as a Fellow of the Australian Social Science Research Committee and awarded the Mahalanobis gold medal for outstanding quantitative economics contributions. His well-known Kakwani Index has been a standard measure for progressivity in taxation and other social sciences.

He was the first to define and measure pro-poor growth for the Asian Development Bank in 2000.

Journal of Income Distribution brought out a special issue of the journal in honor of Kakwani in 2022.