

Hunger as the primary economic problem

Food, healthcare and education are the most important basic necessities

Dr. Asad Zaman | March 22, 2015



Editorial & Opinion



Dr. Asad Zaman

If any group of concerned citizens would gather to discuss economic problems, it would seem natural to begin with the problem of feeding the hungry. Strangely enough, one would not encounter this problem within a standard course of study of economic theory at any of the leading universities throughout the world. This is due to two major mistakes made in the formulation of conventional economic theories currently being taught and practised throughout the globe. The first mistake is the idea that the goal of an economic system is the production of wealth, broadly defined. For example, Adam Smith takes the fundamental economic problem to be the production of wealth. The maximisation of GNP per capita currently forms the core of economic growth theory. The value of human life can be evaluated in terms of how much wealth the human can produce. This also accounts for the use of the degrading term 'human resource', which basically puts humans on a par with other resources, like factories and machines, as inputs to the production process.

A revolution in economic theory would result if we replace this completely mistaken idea with its opposite: the goal of an economic system is to increase human welfare. Wealth is important only to the extent that it can bring about increases in human welfare. In conjunction with wealth, many other types of invisible inputs, such as social capital, cultural norms and institutional structures also play an important role in determining human welfare, broadly understood in terms of all dimensions of life which contribute to our collective well-being. Wealth, industry and production of goods and services are resources to be used to help improve human lives. A central goal of economics should be the relation between resources, and their relative efficiency at contributing to human welfare. In particular, providing food to the hungry is clearly the single most important and universal invariant in production of human welfare. The fundamental economic problem is to study how to use a given amount of wealth to

produce the maximum amount of welfare.

The second mistake, engendered by the first, is the idea that investment in physical capital is the main source of growth and development. Mahbubul Haq pioneered the replacement of GNP by the Human Development Index. Similarly, Amartya Sen in his book, *Development As Freedom*, argues that progress is about the development of human capabilities. The UN now defines development as the ability “to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community”. Of course, food is the sine qua non of human development. Many factors not usually considered by economists also play an important role in improving quality of life. The elements of trust, cooperation, culture and communities are gradually gaining recognition as important contributors to welfare.

A revolution in planning for growth would result from taking seriously the idea that human beings have far more capabilities and potential than any kind of machine. History gives us many examples of human beings who have changed the world. Given the right environment and training, all children have the potential to achieve extraordinary genius. It is our collective task as a society to ensure that all children get the opportunity to develop this potential. The economic system is valuable only as a means to achieving this goal. This means that providing basic necessities like food, healthcare and education is actually the most valuable investment we can make. Unfortunately, conventional theories of growth, currently routinely being applied throughout the world, do not recognise this fact. As a result, these false economic theories lead us to invest in industry, instead of our children, who represent our greatest potential and our future.

The spectacular failure of conventional economic theories during the global financial crisis has strengthened and created several movements for reform of these theories, ranging from mild to radical and revolutionary. Many of these reforms are taking on board the idea that economic growth is a means to providing for the people. Our greatest treasure is our people and investing in them is the surest path to prosperity.

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