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Rival Economists in Public Battle Over Cure for India's Poverty

By **GARDINER HARRIS**

NEW DELHI — She is 7 years old, covered in dirt and spends her days asking for food from pedestrians and drivers in one of this city's central business districts.

Her name is Rohini, and other than pleading for bread, she had little to say when asked about her life. Instead, she threaded her way through thick traffic to her mother, Kamlesh, who on a recent rainy day was carrying one of Rohini's sisters, a toddler with a cloudy eye and a disturbingly quiet demeanor.

“We don't have the money to send the kids to school,” Kamlesh said simply.

India's inability to pull Kamlesh and hundreds of millions of others out of desperate poverty despite decades of robust economic growth has been one of history's great governance failures and economic mysteries.

Does India simply need more time for growth to work its magic, or is there something fundamentally wrong with its formula? Do improvements in health and literacy create growth or simply derive from it? And would India's people have better lives if the government focused on improving workers' skills or on bettering investors' opportunities?

Those are some of the questions behind an unusually nasty fight between two of this nation's greatest economists. It is a fight that has echoes in poor countries across the globe.

The battle between Amartya Sen, a Nobel Prize winner and Harvard professor, and Jagdish Bhagwati, an eminent professor at Columbia University, has broken out just as India's economy seems to be coming undone. The rupee has plunged to historical lows against the dollar, and extraordinary efforts by the government to stem the slide, including limits on investments abroad by Indian companies, appear to be having little effect. Growth has fallen to 5 percent annually, and Prime Minister Manmohan Singh recently admitted that it was unlikely to snap back soon. Foreign investors are turning away, and the nation's stock market has recently swooned.

Into this combustible mix came Mr. Sen and Mr. Bhagwati.

A courtly man with a cackling laugh, Mr. Sen, 79, is one of India's greatest living intellectuals. His speeches are thronged, his pronouncements make news and college students give him the kind of rock-star adulation that economists in the United States may never know.

Mr. Sen returned to India this summer to promote his new book, "An Uncertain Glory," co-written with Jean Drèze. In an interview, he said that he had no idea that his book tour would make national political

news or that he would be forced to defend himself against his old rival, Mr. Bhagwati.

After Mr. Sen made critical comments about an opposition politician, he was denounced by Hindu nationalists. But in an interview, he said that those who view him as sympathetic to the governing Indian National Congress Party have probably not read his book, which is a searing indictment of India's present government and every previous one.

In the book, Mr. Sen argues that India, almost alone among emerging Asian nations, has failed to invest substantially in the health and welfare of its people. This failure could doom its economy and people, he says, because a country's future growth depends just as much on its social infrastructure as its physical state.

India's economy grew nearly 8 percent annually in the past 10 years, second only to China among major economies. This improved incomes for hundreds of millions and created a growing middle class that in recent years has thronged Delhi's streets in protests about corruption and gang rapes. Meeting the growing expectations of this middle class has become a potent political issue.

But Mr. Sen argues that India's growth has failed to translate into substantially better lives for hundreds of millions of others. He points out that countries like Bangladesh, which have grown far more slowly and have much lower income levels, have performed better on key indicators like life expectancy.

“Living conditions in the poorer half of India are not much better, if at all, than in the poorer half of Africa,” Mr. Sen wrote.

Indeed, nearly a third of all newborn deaths occur in India. One in three malnourished children are Indian, and rates of malnutrition are higher in India than in sub-Saharan Africa. Such facts serve as the core of Mr. Sen’s book, and they are the kind of realities that much of India’s elite have trouble even discussing, he wrote.

“Rapid economic growth has not achieved much on its own during the last 20 years or so to reduce India’s horrendous levels of child undernourishment or to enhance child immunization rates,” he wrote.

These problems are hardly addressed — some say even worsened — by miserable government nutrition, education and health care systems, but Mr. Sen’s prescription is to expand these compromised programs.

“There has been a kind of write-off of public institutions by this administration, and they think the only thing that works is business, so they think the more we put in the hands of business the better,” he said. “That’s a disastrous position to take.”

This argument is one that Mr. Bhagwati and his co-author on “Why Growth Matters,” Arvind Panagariya, denounce as not only mistaken but dangerous, since they view money spent on government programs as largely wasted.

Mr. Bhagwati, who is also 79, is one of the world's great trade economists, but he has lived in the shadow of Mr. Sen's Nobel for much of his professional life, and it clearly irks him. If his [written](#) criticism of Mr. Sen's work is shrill, his verbal criticism is downright nasty.

"My impatience with him is that he is obfuscating things constantly," Mr. Bhagwati said in one of his less incendiary descriptions.

To Mr. Bhagwati, India's myriad problems have less to do with poor health and literacy than a poor investment climate. Give people jobs and money and they will invest in their own education and health, he said.

Mr. Bhagwati's embrace of the private sector is widely shared in India. Only the poorest send their children to government schools and hospitals, and the central government now promotes public-private partnerships.

Some economists in India resolve the debate by saying that both have good ideas but go too far with them.

"Both guys are at the extremes of the spectrum," said Ajay Shah, a professor at the [National Institute of Public Finance and Policy](#) in New Delhi. "We need to reinvest in some government programs and end others altogether."

Hari Kumar contributed reporting.