**Policy, not pessimism**

The Washington Consensus is still the best way to promote sustained growth, says Deepak Lal

Two widely cited studies on global growth by Robert Gordon and Robert Barro (The Origins of the New Growth Revolution: Cross-Country Innovations Studies) and a review of The Growth Revolution: Why some Economies Prosper and Others Don't by Catherine Liddle and Kevin Stiroh suggest that US growth rates have been on a downward trend since the 1970s. The implication is that the “Washington Consensus” to embrace the principles of liberalisation, privatisation and open trade to boost growth has become outdated. But such a move would be a huge mistake.

For the last two decades, India has been one of the fastest-growing emerging markets. Much of the credit for this can be given to the “Washington Consensus” principles of openness, privatisation and good governance. The assumption has been that facilitated growth is not only efficient but also desirable. But has the reality lived up to the theory? This is the question. The myth that capitalism will deliver growth at any cost is a fallacy. The truth is that capitalism is a system of checks and balances that has to be managed and regulated in order to be effective.

The myth that capitalism will deliver growth at any cost is a fallacy. The truth is that capitalism is a system of checks and balances that has to be managed and regulated in order to be effective.

India is a prime example of this. Despite the country’s high GDP growth rate, poverty and inequality remain stubborn problems. The government’s focus on economic growth has overshadowed social welfare programs, leading to a widening gap between the rich and the poor. The country’s infrastructure, education, and healthcare systems continue to lag behind those of other emerging economies.

India’s success story is not one of rapid economic growth alone but also of social progress. The government has implemented numerous policies to address poverty and inequality, such as the Mahatma Gandhi National Rural Employment Guarantee Act and the Right to Education Act. These initiatives have helped reduce poverty and improve living standards for millions of Indians.

However, economic growth cannot be viewed in isolation. It must be accompanied by social progress and inclusive growth. This requires a balance between economic policies and social welfare programs. The government should continue to focus on economic growth but also prioritize social welfare programs to ensure that economic progress is shared equitably.

Conclusion

In conclusion, the Washington Consensus principles of openness, privatisation, and good governance have played a significant role in India’s sustained growth. However, economic growth must be accompanied by social progress and inclusive growth. The government should continue to focus on economic growth but also prioritize social welfare programs to ensure that economic progress is shared equitably.