Not a matter of choice

VIEWPOINT

DEMONSTRATING A FAULT

F I N A N C I A L

IN 2004, Peter Minnitt, the then chairman of the South African Chamber of Commerce, said: “In one way or another, prosperity is what all govern- ments want. They want to see the economy growing, to see job creation, to see poverty reduction.” Did Minnitt get it right? Hasn’t economic growth been an antithesis to the world’s poor?

W hen we look at the world, we see that there are vast differences in wealth. In countries like India and China, where GDP growth is high and economic development is rapid, poverty is still a big problem. In other countries, like Nigeria and Brazil, where economic growth is slow and poverty is a major issue, the problem is even worse.

So what is the situation in South Africa? On the one hand, we have a high GDP growth rate, with the economy growing at around 5% per annum. On the other hand, poverty is widespread, with about 40% of the population living below the poverty line.

What is important to bear in mind is that while economic growth is a good thing, it is not a guarantee of poverty reduction. Governments need to be careful in their policies, and make sure that the benefits of growth are shared fairly.

What do you think? Do you think that economic growth is the key to poverty reduction, or do you think that other factors are more important?

The compounding paradox

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