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# Growth and Poverty-focused Human Development

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## Abstract

**P**ro-poor, rapid growth in developing countries could halve income poverty by 2015. Such growth is probably unsustainable without a more equitable distribution of economic resources or political power. The ultimate objective is “poverty-focused human development”, which is influenced by a range of policies and is partly independent of growth-inducing policies. Two patterns of pro-poor growth are “broad-based agricultural development” and “export-based industrial development.” These two patterns are often complementary. Such experiences demonstrate that growth and equality are correlative, and that public policy can facilitate their mutual reinforcement. However, this complementarity is difficult to “engineer.” Macroeconomic policies shift output and price effects to favor rates of return for certain production factors (labor) or economic sectors (agriculture). Sectoral policies, on the other hand, have a more direct impact. Long-term poverty reduction comes from channeling investment and technology into certain sectors or activities. Redistributive policies (such as land reform) allocate productive assets and are usually decisive. It is simplistic to conclude from cross-country regressions that growth leads to inequality or that inequality impedes growth. The challenge for policymakers is to craft a comprehensive, country-specific public policy that stimulates growth, reduces inequality, and ultimately reduces poverty.

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