

Sustainable Social Development, an Ethical Approach towards ensuring Economic Growth

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Abstract: *In neoclassical economics, economic growth is given the highest priority and the concept of ethics in economics was simply ignored. In this paper it is argued that Sustainable Social Development is an ethical approach which propagates economic growth and is a pillar of sustainable development. It is also presented that social backwardness such as inequalities like power, gender, health etc. hampers economic growth in many ways. The paper also maintains that inefficient social cooperation leads towards natural resources mismanagement. This paper gives emphasize on cost of economic development by ignoring social cost, such as issues of climate change, ignoring the rights of minority, ecosystem destruction, and unsustainable food production and livelihood etc. Finally, the paper suggested that for ensuring sustainable social development, it is mandatory to focus on integrated approach of development which includes education, public health, environmental sustainability, gender equality, good governance and economic growth with equality.*

1. Introduction

According to Daly and Farley, in neoclassical economics efficiency is given the highest priority. Efficiency is so important that it is sometimes taken to be ends in itself. But if the ends are evil, then efficiency will lead to evil as well (2009). Economic growth which is the quantitative increase in goods and service is also taken as a vital issue in neoclassical economics. Earlier it was believed that economic growth has spillover effects which will automatically promulgate development. But in reality, it was quite opposite; the earth experienced

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increasing inequality, starvation, social exclusion etc. while some economies actually grew largely. One example of growing inequality though the country's economy grew is India.

With time it is realized that not only quantitative increase in goods or service but also improvement in the "quality of life" play an important role in a country or a community. As a result, different qualitative indexes were created which can measure the happiness of people, such as Gross National happiness, happy planet index etc. Furthermore, to deal with the issue of increasing inequality and unjust distribution, the issue of ethics in economics comes to the scene, which can ultimately ensure equity and sustainable development. Sustainable development is based on ethics which has three pillars; these are economics, environmental and social. These three pillars are interlinked with each other.

Social sustainability is a critical aspect of achieving long-term development that significantly improves the lives of the world's poorest people. Social development adopts an approach that focuses on the need to "put people first" in development processes. Poor people's own voices tell that poverty means more than simply low incomes - it is also about vulnerability, exclusion and isolation, unaccountable institutions, and powerlessness. As such, overcoming poverty is not just a matter of getting economic policies right, it is also about promoting social development, which empowers people by creating more inclusive, cohesive, and accountable institutions and societies (The World Bank, 2017).

Social development which aligns with ethical point of views propagates economic growth in many ways. In this paper the relationship between social development and economic growth is explained. In section 2, how social backwardness can hamper economic growth is elucidated. Cost of economic development by ignoring social cost is explained in section 3; finally in section 4, how social development can promotes economic growth is also expounded.

2. Social Backwardness Hampers Economic Growth

It is found that social backwardness and behavioral confinement in human society are some of the main reasons behind the economic sluggishness in many societies. Thus there was a clear need of moral and ethical consideration along with the economic growth to ensure social development.

2.1 Social Inequalities Lead to Income Inequalities

Inequality doesn't only describe the monetary inequality between rich and poor, but it has a broader meaning lies inside it, it talks about inequality in

accessibilities to basic needs, political or negotiation power and particularly indicates gender or class inequality. However, it is found that inequality in any of these aspects ultimately propagates income inequality. Income inequality is negatively related with economic growth (Alberto & Rodrick, 1994).

2.2 Power Inequalities

Inequality in social and political power can lead towards both absolute and relative poverty. Such as the case of water scarce Kutch, a region of Gujarat in Western India has become iconic in the debate about water scarcity in India. The water scarcity in this area is largely human induced and intensely political, and not simply natural. The culpabilities of large farmers, bad water management practices, misuse of water and the circumventing of legislation are the main reasons behind the unequal distribution of water resources.

2.3 Gender Inequalities

One of the most villainous inequalities in society is Gender inequality. It indicates not only the inequality in terms of accessibility in basic needs but also the violence against women. The economic, social, and health-related costs of violence against women—for women, their families, and social and economic development are substantial. There are four types of costs: monetary, nonmonetary, economic multiplier effects, and social multiplier effects. The annual monetary cost of violence against women in Canada has been estimated at Can\$684 million in the criminal justice system and Can\$187 million for police. Counseling and training in response to violence is estimated for a total of more than Can\$1 billion a year. A 2004 study in the United Kingdom estimated the total direct and indirect costs of domestic violence, including pains and suffering, to be £23 billion per year or £440 per person (United Nations Secretary, 2006).

Nonmonetary costs include increased suffering, illness, and death; abuse of alcohol and drugs; and depression. A World Bank (1993) study estimated that annual rates of rape and domestic violence translated into 9 million years of disability-adjusted life years lost, including premature mortality as well as disability and illness. The broader economic effects of violence against women—the economic multiplier effects—include increased absenteeism; decreased labor market participation; reduced productivity; lower earnings, investment, and savings; and lower intergenerational productivity. In Chile domestic violence reduced women's earnings by \$1.56 billion in 1996, or more than 2 percent of GDP (Task force, 2005). Apart from that inequality in education, health care, access to livelihood capital assets can propagate both absolute and relative

poverty. So gender inequality can also promote poverty and economic backwardness.

2.4 Health System and Poverty

The burden of disease in some low-income regions is a great barrier for economic growth. Such as in Sub-Saharan Africa, Malaria and HIV is highly responsible for their economic backwardness. Maternal mortality and infant mortality are also associated with high fertility rate and create great cost to the society (Sachs, 2001). There is a strong bi-directional relationship between poverty and health; if people are in poverty they can't afford medical facilities and if they have bad health, they ultimately become poor.

2.5 War and Conflict towards Economic Growth

It is found that not only international wars and conflict but also wars or conflicts inside social organization or different communities also cause significant economic and social loss to the country. War and conflict can also lead to reduced food production as well as income losses and limited or no access to food for many people, with the most serious impact on the poorest households. A new dimension of food insecurity in situations of conflict is the use of hunger as a weapon and food insecurity as a constant threat.

The world's 35 million refugees and internally displaced persons are among those who experience conflict-induced hunger. Food supplies are seized and cut off; food aid is hijacked; crops, water supplies, livestock and land are destroyed and often households and families are stripped of assets. In some regions where food might otherwise have been available, conflict made people food-insecure and affected their access to adequate food as well as their ability to lead healthy and productive lives. In southern Sudan, violence in November 2000 is said to have left some 2.6 million people in need of emergency food assistance (Commission of human security, 2003).

2.6 Inefficient Social Cooperation For Natural Resource Management

If natural resource is mismanaged such as nonrenewable resources are used for production and sustenance; renewable resources are used over the sustainable rate; or waste is disposed in the nature over the assimilated waste absorption capacity, it will lead to natural disaster. In all these cases individuals try to maximize their own benefits by ignoring the social cost. As a result for offsetting the natural disasters both high adaptation and mitigation costs will be incurred.

Climate change is an example. However, without social cooperation the goal of sustainable environment can't be done particularly in non-excludable goods such as public goods. Tragedy of the common is an example of such failed social cooperation. Thus failure in managing natural resources will lead towards unsustainability and economic cost.

3. Cost of Economic Development by Ignoring Social Cost

For the sake of economic development both people and state continuously exploit society and environment. But environment, economic growth and social development are highly interrelated. Some of these issues are described below.

3.1 Ignoring the Rights of Minority for Development

Lack of Social inclusiveness in development doesn't also broaden inequality but it can hamper growth. Ignoring the safety of minorities for the sake of economic growth is not a new phenomenon in developing countries. The Dumbur dam on Gumti River, Tripura is an example whereas over 70 thousands of local people were affected directly by the dam and for creating livelihoods they were forcefully engaged in environment degrading works such as deforestation and Jhum cultivation. As a result, overall environment was degraded and hills were besmirched. The amount of alluvium obtained was 27 times more than that of previously estimated, which ultimately tarnished the project of hydroelectricity. Another similar type of failed incidence is Loktak project which also created enormous environmental treat and vulnerabilities to local people, but finally the project couldn't sustain and it was unable to provide adequate economic opportunities (Ramananda Wangkheirakpam, 2003). So, ignoring the rights of minorities might create enormous economic loss for a country in many ways.

3.2 Environmental Degradation And Societal Cost

Society depends on environment as environment ultimately shapes the society. Natural environment doesn't only influence the resource war and inequalities between groups of people but also influence the culture as a whole, such as dress code, cooking pattern etc.

Human being depends on environment in multiple ways. Topography, geography, weather, rainfall, availability of water resources, rainfall, soil condition etc. shape the types of livelihood for people around the world. Changes in these crucial environmental elements bring threat to people particularly to the vulnerable one. It is estimated that people have crossed some of the planetary boundaries which

hampered the overall growth of the economy. Human being have disturbed into the ecosystem. As a result, lots of problems have been created, which includes loss of biodiversity, food production, climate change etc. which ultimately affects the economic growth.

3.2.1 Climate Change Incurs Economic And Social Cost

Human perturbation to carbon cycle through deforestation, over-usage of fossil fuels and over exploitation of lands are responsible for climate change, which causes rising temperature, loss of biodiversity, conflicts and war, destruction of ecosystem, diseases, loss of food etc.

As many developing countries are located near the sea and sea level will rise, these countries will lose huge amount of heritable lands. Countries like Bangladesh can be completely inundated. Only 1 meter rise in sea level would inundate 18% of Bangladesh's total land, directly threatening 11% of the country's population with inundation. In addition, the backwater and increased river flow from sea level rise could affect 60% of the country's population. Inundation of such a large portion of the country could present major challenges in terms of loss of income and displaced populations. At present, Bangladesh is too poor to be able to adapt to such a rise in sea level. The costs of protection would be substantial (Agrawala and *et al.*).

The direct annual cost to the national economy of natural disasters over the last 10 years (damage and lost production) is estimated to be between 0.5% and 1% of GDP. As the economy grows, these costs are likely to increase in absolute terms and also as a proportion of GDP, if climate change is not factored into long-term economic planning (International Monetary Fund, 2013).

Climate change will make the weather extreme and it will be dangerous for food production and survival of all animals. National security experts analyzing the current conflict in Sudan's Darfur region suggest that global warming may be partially responsible as there is a subsequent reduction of available natural resources. So climate change as well as shortage of resources will worsen the condition of geopolitics in the globe which will exacerbate the condition of poverty and inequality.

3.2.2 Ecosystem Destruction and Economic Cost

Ecosystem works as regulatory services in flood control. Topographical features of ecosystems such as mangrove swamps often protect humans living near coastlines. If these coastal features are changed by human actions, there can be

terrible consequences. For example, in the Gulf of Mexico around New Orleans, where human actions affecting the flow of the Mississippi River ended up changing the flood dynamics around New Orleans and leaving the city and its environs exposed to the devastations of Hurricane Katrina in 2005 (Kim Ann Zimmermann, 2015). These severe storms and floods combined with agricultural losses cause billions of dollars in damages, and money is needed to treat and control the spread of disease which are caused by climate change or ecosystem destruction.

3.2.3 Unsustainable Food Production and Livelihood

Human totally depend on nature for food production. Around 40 percent of the world is malnourished or have micronutrient deficiency. Farm system is also under stress. Though the number of people is increasing geometrically, the food production will not increase accordingly as land is limited. In a country like Bangladesh where 61.2 % of land is suitable for agriculture, providing land for increasing population means decreasing agricultural land. Again, as food production is insufficient and net export is negative, countries like India and Bangladesh face severe malnutrition with huge proportion of stunting and immunosuppressant. As a result, these people are very prone to complicated diseases and loss of productivity; which creates huge amount of cost for the economy and society.

As the people in developing countries are poor and they lack resources for a sustainable livelihood, it is more likely for them to exploit the natural resources more for fulfilling basic necessities. On the other hand, exploitation of natural resources promulgates poverty.

On the other side of the world, where many people are getting wealthier and they want to consume more meat, it's going to create amplifying effect on grain production. To produce one kg of beef it's needed to consume 10 to 15 kg of grains by the cow. So the demand for this increasing amount of crop production has created huge pressure on lands and water. Human have perturbed into the climate system and they have destroyed the biodiversity thus it will affect the food production. One example is human promoted genetically modified crop and they also focused on monoculture, as a result in the short term they might get a higher yield, but the single variety within a single species leaves the farmer highly vulnerable to shocks, such as a change in weather patterns or the introduction of a new pest or pathogen or it may upset the regulatory system of the ecosystem; but when the traditional practices of diverse crop production or biodiversity was

prevalent, it worked as a natural prevention against such shocks. So if this unsustainable practice of food production continues Malthusian catastrophe might occur soon as we can fail to provide food for the increasing number of people.

Most of the common lands and waters are almost fully exploited in many countries of the world which can be explained by the concept of “tragedy of the common.” Formerly one of the four largest lakes in the world the “Aral Sea” has been steadily shrinking since the 1960s. This happened after the rivers that fed it were diverted by Soviet irrigation projects. The incidence of reduced river flow of Yellow river in China is also a result of the over exploitation. People also extracted too much ground water, which made the level of water too low for agriculture. Once those rivers which were used for irrigation projects, fishing or hydroelectric Dam, now as a result of overexploitation for maintaining livelihood and climate change, they are almost dead and unable to provide adequate economic opportunities.

4. Social Development Promotes Economic Growth

Here it is explained how social exploitation and unsustainable development can hamper economic backwardness in the long run. However, social development also causes economic growth. Under social development the idea of education for all, improved public health, gender equality, environment sustainability and equality with growth come into consideration. All these development issues are highly correlated.

4.1 Education Promotes Growth

There is a very strong relationship found among education, development and economic growth. It can be said that investment in education is a key to sustained growth, both because it contributes directly through productivity effects and because it reduces income inequality.

Case study of East Asian countries

The rapid growth in the East Asian region has been unparalleled. Eight “high-performing Asian economies”- labeled HPAEs in World Bank -are Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Singapore, Taiwan (China), and Thailand. Not only have the HPAEs outperformed the industrial economies since 1960, but they have grown at higher rates than other developing economies. They have also grown at higher rates than the current industrial economies did during their earlier periods of most rapid growth: the annual average compound

growth rate of GDP per capita of industrial economies was 1.1 percent for 1820-70 and 1.4 percent for 1870-1913. The HPAEs also stand out for persistence of rapid growth: although other developing economies have experienced rapid growth for several years, few have managed to sustain such growth over three decades. The decline in poverty in East Asia has been equally remarkable. The percentage of people below the poverty line has fallen far more rapidly in East Asia than in other regions. For example, in the period from 1970 to 1987, the percentage of people below the poverty line in Indonesia fell from 58 percent (among the highest of all developing economies for which measures are available) to 17 percent (among the lowest of all developing economies).

As would be expected, the absolute number of poor people has also declined significantly in the HPAES. Measures such as the Gini coefficient show improvements in each of the HPAES from 1965 to 1990. Finally unlike in many other developing economies during this period, income distribution in East Asian economies either improved or, at the very least, did not worsen. It was also found that the combination of a greater supply of education and a greater demand for educated workers contributed to faster economic growth in East Asia than in other developing regions (Birdsall et al, 1995).

By observing the cases of HPAEs, a process of cumulative causation is found, in which education contributed to economic growth, which, in turn, stimulated investment in education. Education is a luxury consumer good as demand for it increases as incomes rise. People who have education tend to have more wages and better working opportunities, as a result they tend to have better living standard and contribute more for the betterment of their children. Then it is found how education contributed to low levels of income inequality which, in turn, stimulated investment in education. Finally, low inequality of income can have a direct, positive effect on economic growth through education.

Endogenous growth theory also predicts that educational investments will enhance growth. A larger stock of human capital facilitates the production of new ideas and technological progress. Moreover, rates of return to human capital may actually be increasing over some range because of spillover benefits, that is, when one more-educated worker makes an entire group of workers more productive. Education augments cognitive and other skills, which, in turn, augment the productivity of labor. Even preschool admission has shown very strong relationship with the economic growth, which indicates that the highest rate of return in human capital, can be achieved from investing in preschool.

4.2 Environmental Sustainability with Social and Economic Development

Sustainable environment and proper natural resource management will ensure adequate natural resources for the future as natural capital consumption will be less. Additionally, if the harvesting is less than the regeneration rate then there will be adequate resource to extract for the future. As a matter of consequence, there is competition for the natural resources will be comparatively less and inequality among groups of people will be less. These practices will ensure a richer future generation with sustainable economic growth and promote intergenerational equity.

4.3 Gender Equalities Promote Economic Growth

By reducing gender inequality one can reduce the vulnerabilities in society and promote economic growth. Educated female don't only have higher wage benefit but they also get nonwage social benefit. They tend to educate their children; and they are more likely to avail health services for themselves and their children. As a result, the health status and nutrition status become higher. It is also found that those women who have education and those who work outside tend to have lower children. High fertility rate is one of the core reasons for economic backwardness.

In Asia, it is found that as the fertility rate fell down and maternal mortality declined, education in women also rises (Task force, 2005). It is also observed that two factors permitted a faster expansion of educational systems and enrollment rates in East Asia: faster economic growth and a more rapid decline of fertility (Birdsall et al, 2005). There is a bi-directional relationship between economic development and women's empowerment. According to Esther Duflo women's empowerment will "cause development" and economic growth will lead to women's empowerment (2011). Economic growth with lower poverty and increasing opportunity have positive role to play on gender equality. Economic development reduces vulnerabilities to women and when mentality of abundance takes place, women are benefited the most.

5. Conclusion and Recommendations

Sustainable development plays a crucial role for long term economic growth of a country. To ensure sustainable social development and to reduce poverty, it is needed to focus on an integrated approach of development where education, public health, gender equality, good governance, environmental sustainability and economic growth with equality should be under consideration. Additionally, to promote economic growth sustainable social development should be taken under

consideration. Millennium Village project in Africa is a great example of the success of the integrated approach, where social development ultimately propagated economic growth by reducing inequality and substantially improved the living standard of the poor people. Finally it can be said that quantitative economic growth alone cannot promise social development in the long run, thus it is important to view economics from development perspective which incorporates values and ethics.

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