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Success and Failure in Human Development, 1970-2007

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Gustav Ranis is Frank Altschul Professor Emeritus of International Economics, Yale University. Email: Gustav.Ranis@yale.edu

Frances Stewart is Director of the Centre for Research on Inequality, Human Security and Ethnicity, University of Oxford. Email: Frances.stewart@qeh.ox.ac.uk

Comments should be addressed by email to the author(s).

Abstract

The paper reviews experience in advancing Human Development since 1970 by investigating behaviour among countries that made the largest improvements in HD, and those that made the least improvement. The three developing countries with the fastest growth in the HDI over the period are selected from initial low-HDI, middle HDI- and high HDI country groupings, and their experience compared on a range of indicators.

Certain characteristics were common to all success cases: good or moderate educational enrolment ratios; good or moderate female/male enrolment ratios; and good or moderate Human Poverty Indices. The other three major inputs into success appear to be growth, social expenditure and income distribution, and the successful countries showed different combinations of performance on these. Weak performers all experienced poor or moderate economic growth. Two classes of weak performance were: low income countries with weak growth, poor distribution and high poverty; and transition countries where economic, institutional and demographic disruptions led to poor progress.

We also look beyond the HDI as an indicator of HD, explore such other features as political freedoms, security and environmental sustainability, and find little correlation between achievements on these indicators (both in levels and changes) with success and failure with respect to the HDI. Finally we provide short country vignettes of some of the success and failure cases, exploring some historical and institutional features associated with their performance.

Keywords: Human Development, growth, income distribution.

JEL classification: O11, O2, O20, O15.

1. Introduction*

The aim of this paper is to review experience in advancing HD since 1970; to identify countries that made the largest improvements in HD, as well as those that have made the least improvement. We aim to explore whether and which particular characteristics of the economy and of policy are associated with these outcomes. We will define success and failure for this purpose according to the HDI.

We also look beyond the HDI as an indicator of HD, and explore other features, such as political freedoms, inequality, environmental sustainability, to see how far achievements on these indicators (both in levels and changes) are associated with success and failure with respect to the HDI.

Finally we provide short country vignettes of some of the success and failure cases.

2. Defining success and failure.

A major issue, of course, is how to identify success and failure. We confine attention to countries with populations of 1 million or more in 1970.[1]

* Thanks to George Gray Molina and Mark Purser for help on data, and to Daniel Vujcich and Cheryl Zhao for research assistance; to Rachael Diprose for assistance on the Indonesian case; to Sara Lowes for assistance on the Kazakhstan case; and the HDRO office for very helpful comments on a previous draft.

As far as changes are concerned, there are some difficult issues of method. Two possible approaches are to take the countries that have had the fastest growth in HDI; or the countries that have had the largest short-fall reduction. The short fall reduction method, of course, initially provided the basis for the calculation of the HDI, and for changes in HDI. However, it gives a major advantage to countries that start with high levels. For example, a country which improves its life expectancy by ten years, from a low starting point, may well achieve less in terms of shortfall reduction than a country whose life expectancy increases by one year, starting at a high level. On the other hand, an approach which selects countries according to the percentage rate of increase of HDI gives a major advantage to countries that start with low levels since the same absolute improvement represents a much higher percentage improvement for countries with low initial starting points. The two methods yield very different lists of countries that have 'succeeded' and 'failed', and neither method is fully satisfactory. In fact, there are *no* countries that appear both among the top 10 HD performers defined in terms of growth in the HDI and those that appear as having had the greatest shortfall reduction (Molina and Purser 2010).

There is thus a real dilemma as to how to evaluate changes in performance among countries with very different starting points. To deal with this, whether in terms of growth or shortfall reduction, different starting points should be taken into account. Consequently, we decided to group countries according to their initial conditions, i.e. by historical level of HD as

1 We discard the experience of very small countries as their wider relevance is limited, following conventional practice.

measured by the HDI, -- high HD; medium HD; and low HD in 1990, as this was the first year of the HDR.

The method adopted of comparing only countries within HDI categories avoids the problem that growth rates exaggerate the achievements of low level starters and shortfall reductions exaggerate the achievements of high level starters, and thus helps to allow for differences in initial conditions. Using both growth and shortfall reduction methods in this way, we identify the three best and the three worst performers in HDI change for each category, for 1970-2007, as shown in Table 1. It turns out that once we take into account the initial conditions as outlined above, it is important to note that the two approaches give identical results in terms of country identification.

Table 1: Shortfall reduction: Global best and worst performance for 1970-2007 HDI shortfall reduction countries (excluding developed countries and Eastern Europe)

	Country		Population, m		
Best by HDI 1990 category	HDI Shortfall reduction as % of best in group 1970-2007		2007	HDI growth, annual % growth 1970-2007	
High HDI					
	Mexico	85.9	107.5	Mexico	0.60
	Chile	76.1	16.6	Chile	0.53
	Panama	69.3	3.3	Panama	0.48
Medium HD					
	Laos	100	6.1	Laos	1.22
	Indonesia	99.7	224.7	Indonesia	1.22
	Tunisia	96.5	10.1	Tunisia	1.18
Low HDI					
	Nepal	100	28.3	Nepal	1.73
	Bangladesh	72.2	157.8	Bangladesh	1.25
	Benin	67.2	8.4	Benin	1.16

Worst by HDI 1990 category					
High HDI					
	Ukraine	5.3	46.3	Ukraine	0.04
	Trin and Tob	24.7	1.3	Trin and Tob	0.17
	Kazakhstan	44.5	15.4	Kazakhstan	0.31
Medium HDI					
	Zambia	-0.1	12.3	Zambia	0
	Uzbekistan	14.1	26.9	Uzbekistan	0.12
	Moldova	16.9	3.7	Moldova	0.21
Low HDI					
	Congo dem	24.7	62.5	Congo dem	0.40
	CAR	41.3	4.3	CAR	0.72
	Uganda	43	30.6	Uganda	0.74

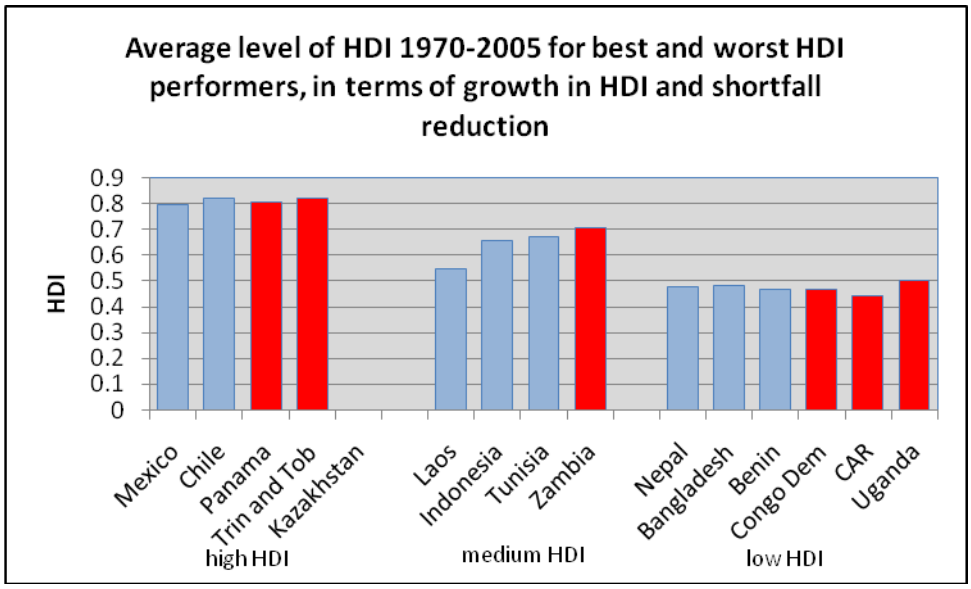


Figure 1

Source: data provided by HDRO

Figure 1 shows the average levels for 1970-2005, for the best and worst performing countries in terms of change over time. Here and in all figures below blue (or pale when printed in black and white) indicates the best performers; and red (or dark) indicates the worst performers. We can see from this that there is no marked difference between best and worst performing countries in *levels* of HDI over the period. There is, of course, a marked difference in changes over time between the best and worst performers as shown in Figure 2 and Table 1. Figure 2 illustrates clearly how use of the percentage change in HDI as a criterion of performance favours low HDI countries, relative to higher ones.

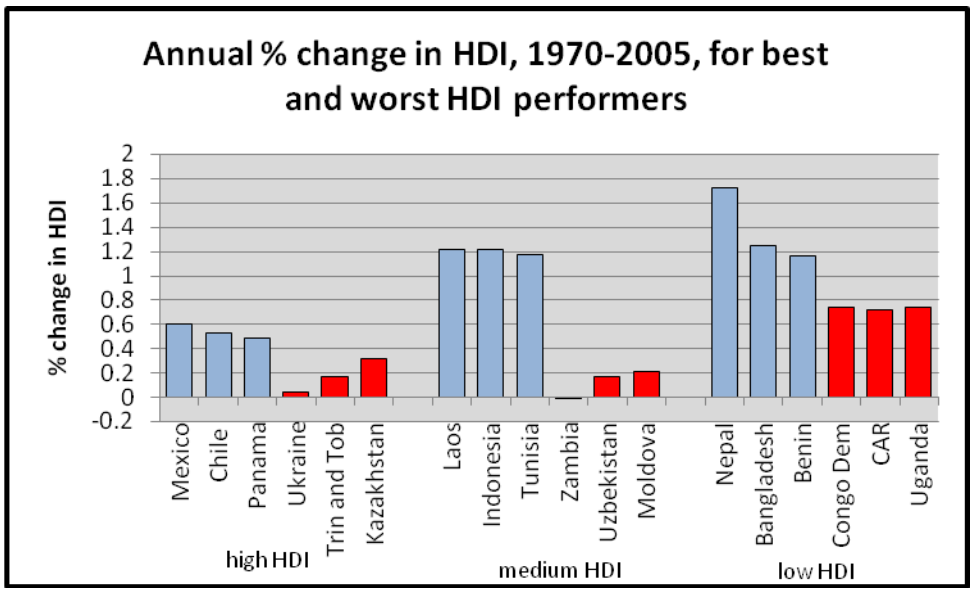


Figure 2

Source: data provided by HDRO

3. Identifying proximate causes of success and failure on HDI, 1970-2005

First we identify a range of indicators that previous work suggests is associated with success or failure (Ranis, Stewart and Ramirez 2000; Ranis and Stewart 2000; Boozer et al. 2004; Molina and Purser 2009; McGuire 2010). These indicators have been identified as related to success or failure by both econometric cross-country investigations and case studies. Among the variables these studies found to be associated with success/failure on HDI are:

1. The social expenditure ratio (i.e. health plus education expenditure as a proportion of GDP).

2. The level of education of the population, identified by primary and secondary education enrolment rates.

3. The ratio of female to male primary enrolment rates.

4. The level and growth in per capita incomes.

5. Income distribution

6. Poverty rates

We recognise that two of these indicators – income per capita and educational enrolment rates - are components of the HDI, but previous research suggests that they are also inputs into other components and are therefore included (Behrman 1990, 1996; Ranis, Stewart and Ramirez 2000).

In principle, both levels of variables and changes in these variables might be relevant to explaining success and failure in change in HDI over time. The levels are potentially relevant because the size, for example, of social expenditure ratios, is likely to affect the expansion of services over time. Income distribution levels, as well as the change in income distribution, will affect how different groups behave towards education. And the enrolment rate in education is likely to affect the take-up of new health interventions. Below we show levels at the beginning and end of the period for each country where data permit, so as to indicate both levels and changes. For each country, the first bar shows the initial value of the variable and the second, adjacent, bar, the value at the end of the period.

Our aim is to determine whether there are systematic patterns or combinations of patterns leading to success or failure. There are five possibilities:

1. That the variables in question are associated with achievement in the sense that their values are correlated with success or failure.

2. That high or low values of the variables in question are necessary conditions for success or failure.

3. That high or low values of the variables in question are sufficient conditions for success or failure.

4. That high or low values of the variables are both necessary and sufficient for success or failure; and

5. That alternative combinations of the values of these variables lead to success or failure.

The aim of the analysis below is to identify which variables, or combination of variables, leads to success or failure in relation to these possibilities.

For each of the indicators listed we assembled data for the average of the period 1970-2007 (or latest available date), though in many cases data were only available for the more recent years, and for some countries no data were available at all.

In general, there were few systematic findings, comparing the good and bad performers, in terms of *levels* of variables and more in terms of *changes*, as shown in Figures 3- 11 and Tables 2 and 3.

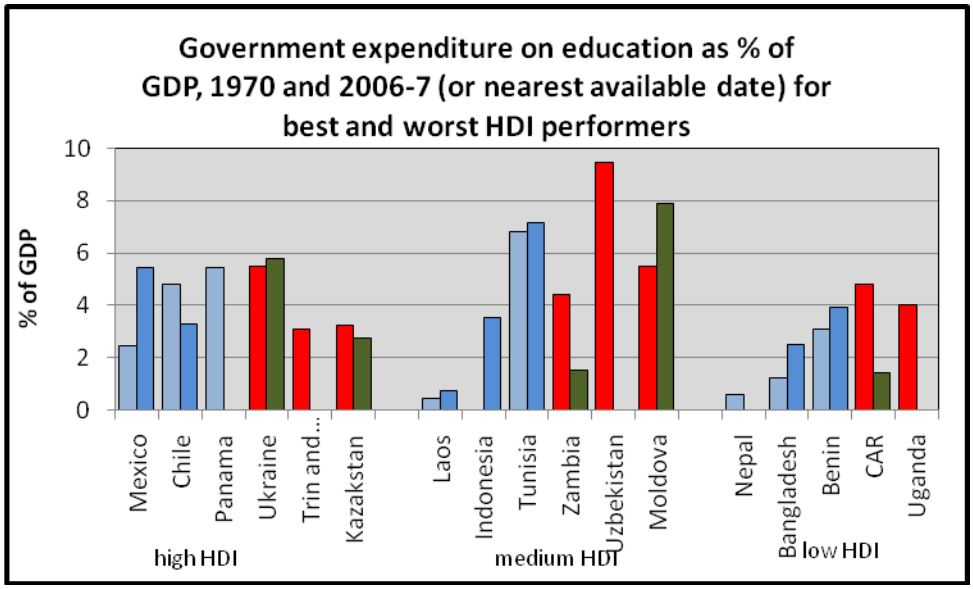


Figure 3

Source: World Bank, World Development Indicators (WDI)

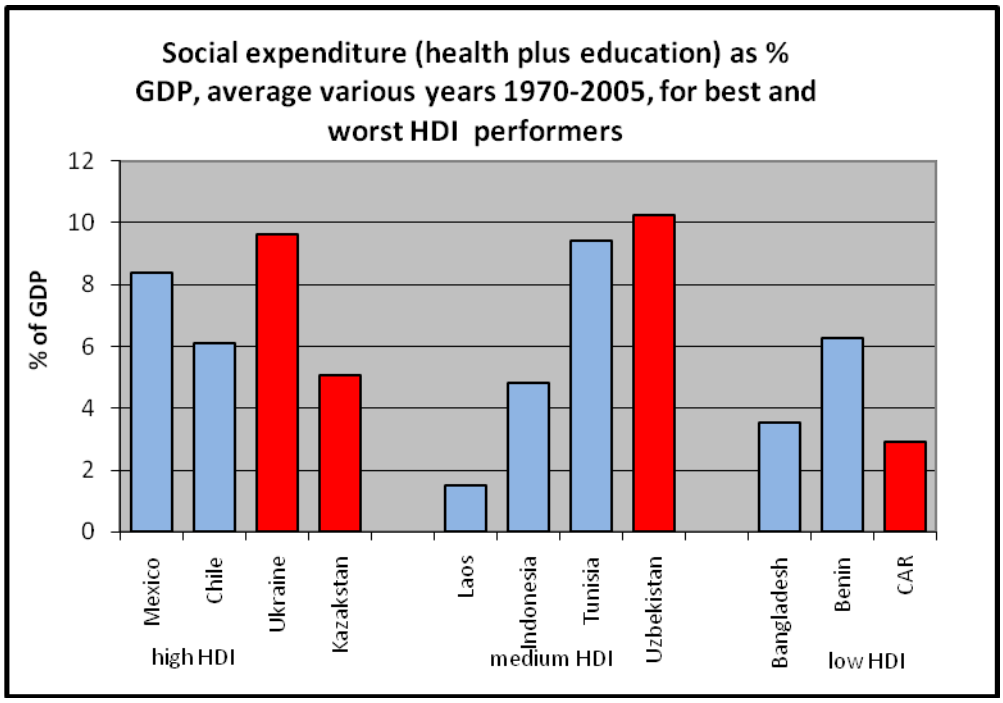


Figure 4

Source: WDI

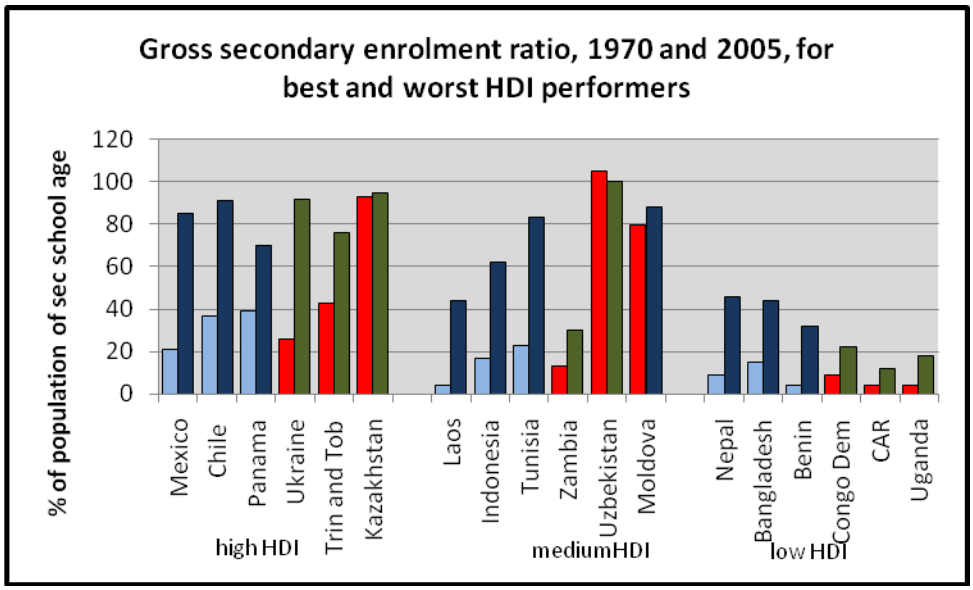


Figure 5

Source: UNESCO Institute for Statistics

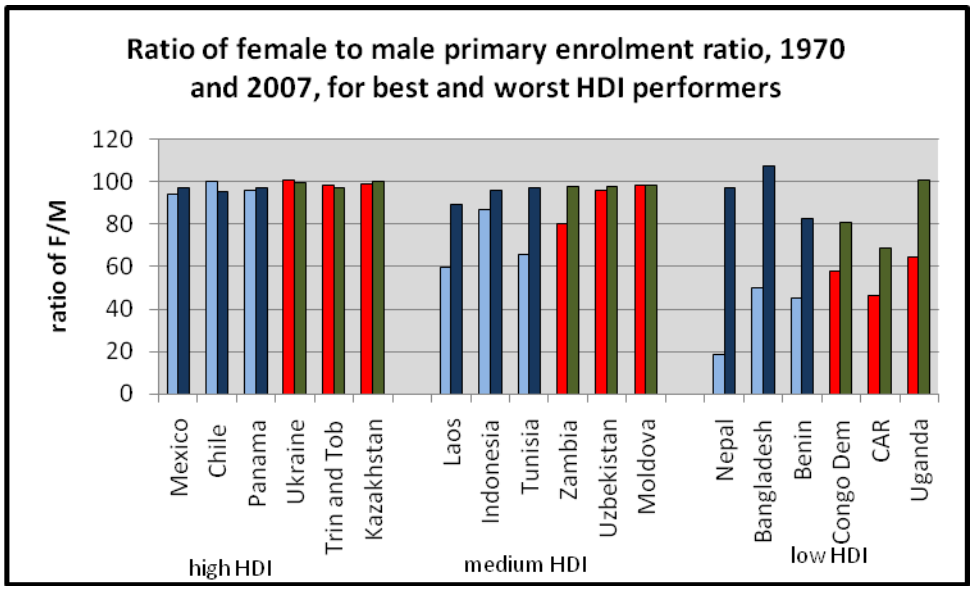


Figure 6

Source: WDI

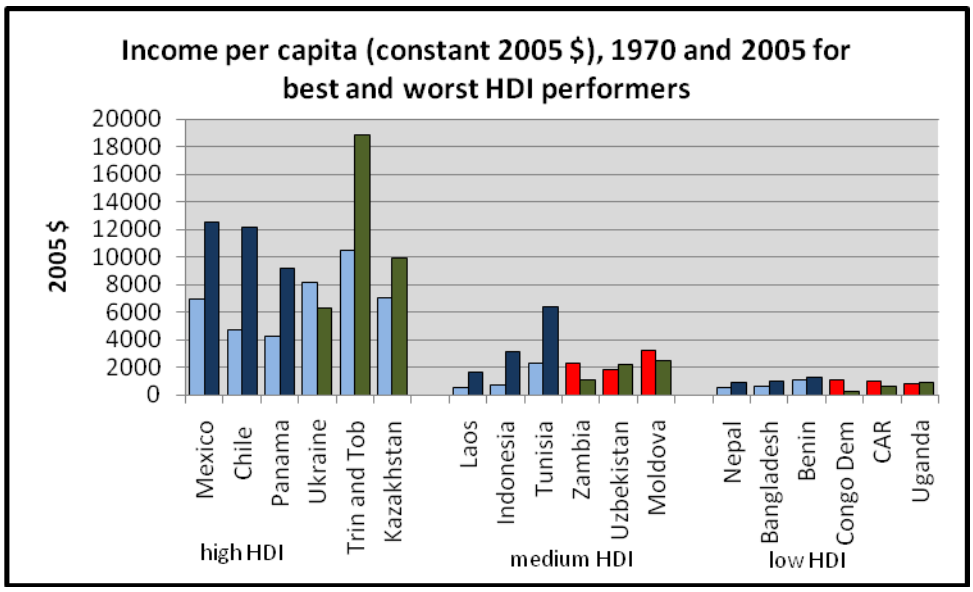


Figure 7

(first date for Kazakhstan ,Uzbekistan, Ukraine and Moldova is 1980)

Source: WDI

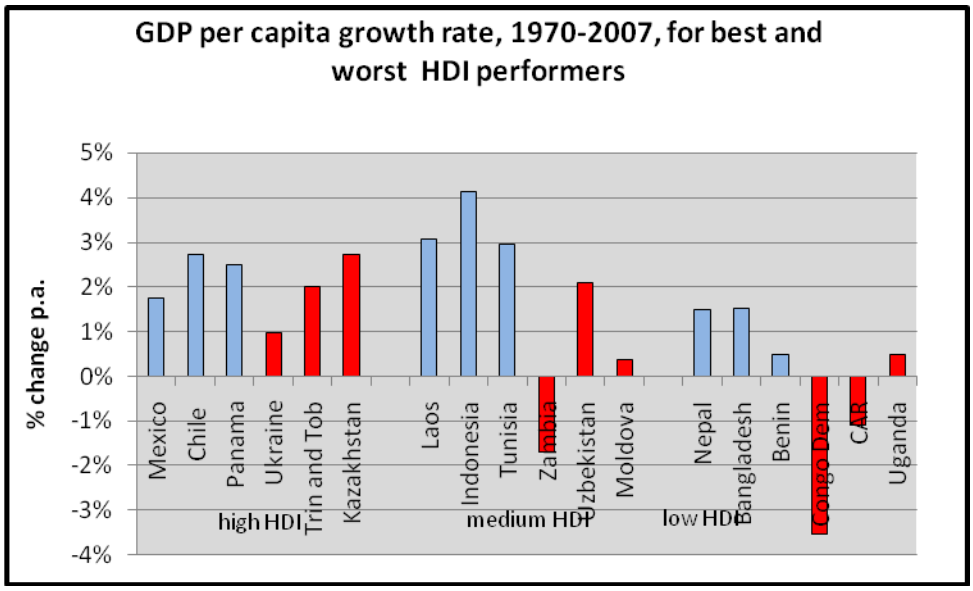


Figure 8

Source: WDI

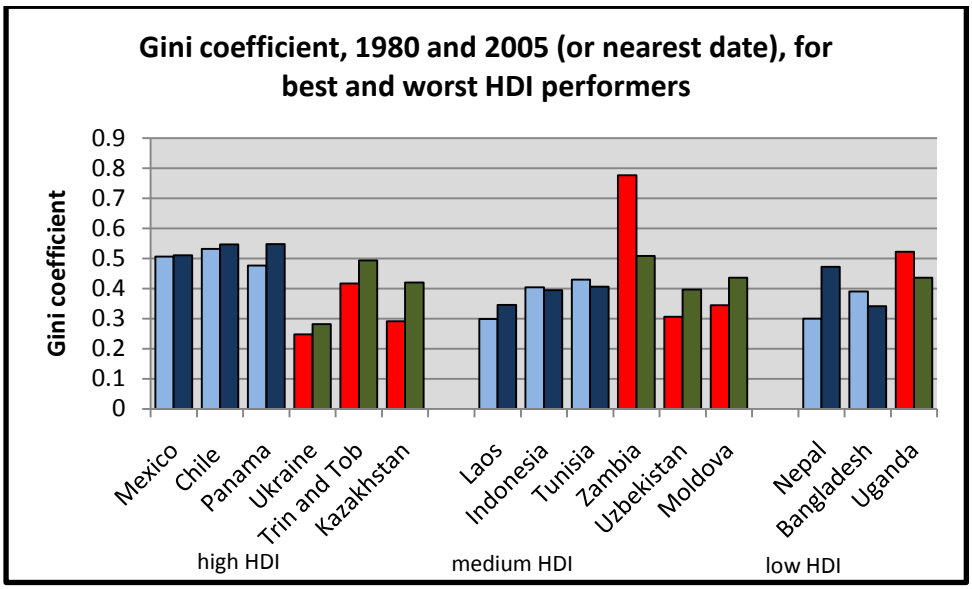


Figure 9

Source: WIDER data set.

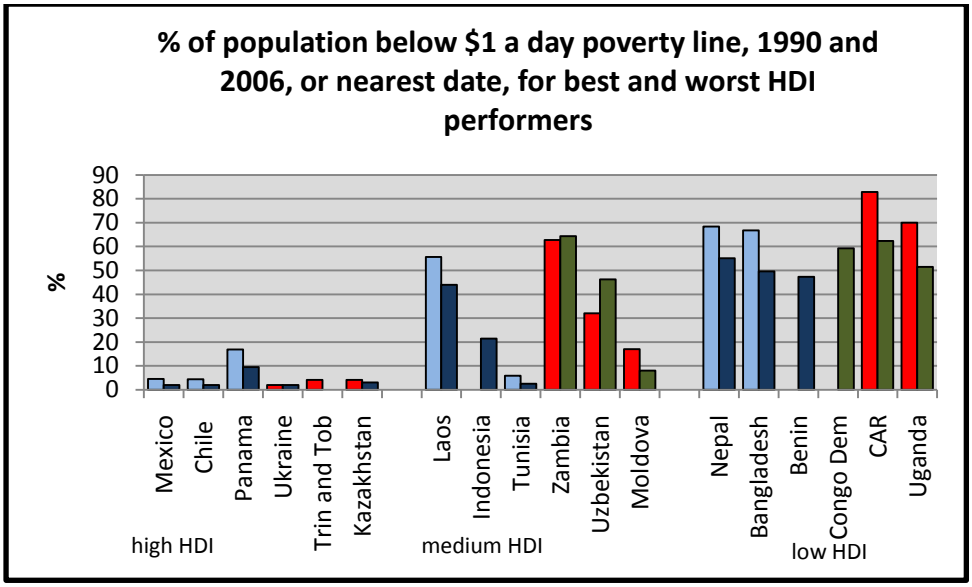


Figure 10

Source: UN statistics for millennium indicators

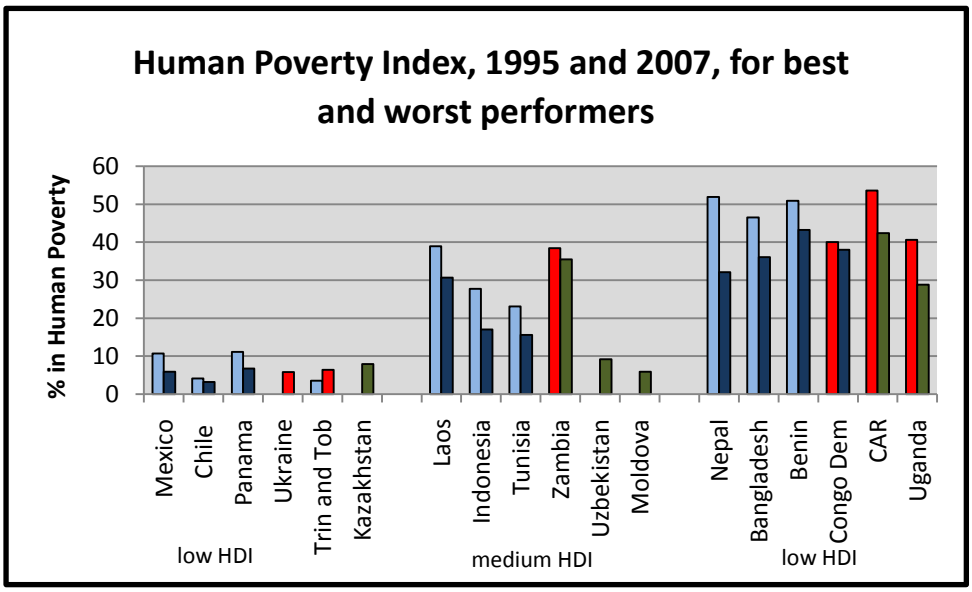


Figure 11

Source: UNDP, HDRO statistics

Data are notably lacking for social expenditure – In Figure 3 we therefore show only education and even here we don't have data for both 1970 and 2007 for a number of countries. (Figure 4 shows education plus health as a % of GDP for 2007, for purposes of comparison).

In terms of *levels* of indicators there is little difference between the good and bad performers. In fact, some of the other variables we had expected to be associated with success or failure were shared across the two categories: for example, social expenditure ratios were, in fact, somewhat higher among the weak performers (see Figure 3 and 4 and Tables 2 and 3); the combined enrolment ratios were also similar across good and bad cases, as was the female/male enrolment ratio. Two general points are relevant here: first, that many of the weak countries are from the former socialist block (Ukraine, Kazakhstan, Moldova) which had high social expenditure and good education ratios (including good female/male ratios), but the transition shock caused them to suffer severe setbacks on growth and HD. Secondly, social expenditure as such does not say anything about the allocation within the social sectors, such as between hospitals and public health, or what we have termed earlier, the priority ratio (Ranis and Stewart 2000). The vignette cases presented later, will illuminate both these points.

In contrast, there are some significant differences between good and bad performing countries when we come to *changes*.

1. While good performers do not grow particularly fast, they do avoid negative growth, whereas a number of the poor performers (Ukraine, Zambia, Moldova, Congo (DRC) and CAR, show negative growth.

2. While they are broadly similar in terms of average income distribution over the period, good HDI performers show better change in inequality over time. Three show increasing equality, compared with just one (Zambia) among the poor performers.

3. Again on poverty (for which data over the whole period are deficient), the Human Poverty Index shows an improvement among every good performer. The majority of poor performers also show some improvement, but generally less, and some show a worsening.

4. On secondary school enrolment, all countries show an improvement, but the improvement on average is greater among the good performers.

5. On female/male enrolment ratios, again the good performers improve more than the poor performers (except among the high HDI category where the levels are near 100% in 1970).

In order to explore patterns of country behaviour and typologies Tables 2 and 3 show how individual countries perform across the indicators. We chose what we considered reasonable cutoff points for each indicator, to decide 'good' performance (shown by 1), bad performance (shown by -1), and intermediate or moderate performance (shown by 0). The cutoff points are shown in each of the tables.

Table 2: Country behaviour on average achievements on levels 1970-2007, for good performing countries							
	Soc expend. (H+E)% GDP.	combined enrolment	F:M	p. cap inc	Gini	Income poverty	HPI*
Criteria	>8%; 4% or less	>75%	>.9; <.7	>$10,000;<$5000	<.4 good; >.5 bad	<10%;>50%	<10%;>50%
High HDI							
Mexico	1	1	1	1	-1	1	1
Chile	0	1	1	1	-1	1	1
Panama	Na	0	1	1	-1	0	1
Medium HDI							
Laos	-1	0	0	-1	1	0	0
Indonesia	0	0	1	-1	1	na	0
Tunisia	1	0	1	0	0	1	0

Low HDI							
Nepal	-1	0	1	-1	0	-1	0
Bangladesh	-1	0	1	-1	1	-1	0
Benin	0	0	0	-1	Na	0	0

Table 3: Country behaviour on average achievements on levels, 1970-2007 for poor performing countries							
	Soc expend. (H+E),% GDP	combined enrolment	F:M	p. cap inc	Gini	Income poverty	HPI*
Criteria	>8%; 4% or less	>75%	>.9; <.7	>$10,000;<$5000	<.4 good; >.5 bad	<10%;>50%	<10%;>50%
High HDI							
Ukraine	1	1	1	0	1	1	1
Trin and Tob	Na	0	1	1	0	1	1
Kazakhstan	0	1	1	1	1	1	1
Medium HDI							
Zambia	0	0	1	-1	-1	-1	0
Uzbekistan	+1	+1	1	-1	1	0	1
Moldova	1	0	1	-1	0	0	1

Low HDI							
Congo Dem	Na	0	0	-1	Na	-1	0
CAR	-1	-1	0	-1	Na	-1	0
Uganda	Na	0	1	-1	-1	-1	0

Table 4: Country behaviour on changes in good performing countries						
	Soc. Expend. increase	Secondary school enrolment increase	F:M ratio increase	Growth p.cap	Change in Gini	Change in HPI
Criteria	+1%>good; -1% < bad	30%> good; <15% bad	>25% good; <10% bad	>3: ,<1%	>.025 good; <-0.025 bad	>7.5% good; <2.5% bad
High HDI countries						
Mexico	1	1	-1*	0	0	0
Chile	-1	1	-1*	0	-1	-1**
Panama	Na	1	-1*	0	-1	0
Medium HDI countries						
Laos	1	1	1	1	-1	+1
Indonesia	Na	1	0*	1	+1	0
Tunisia	0	1	1	1	+1	+1
Low HDI countries						
Nepal	Na	1	1	0	+1	+1

Bangladesh	1	0	1	0	0	+1
Benin	Na	Na	1	-1	Na	+1

*was very high at the beginning

Table 5: Country behaviour on changes in poor performing countries

	Soc. Expend. increase	Secondary school enrolment	F:M ratio increase	Growth p.cap	Change in Gini	Change in HPI
Criteria	+1%>good; -1% < bad	30%> good; <15% bad	>25% good; <10% bad	good>4; bad <1%	>-.025 good; <+0.025 bad	>7.5% good; <2.5% bad
High HDI countries						
Ukraine	0	1	-1*	-1	-1	Na
Trin and Tob	Na	1	-1*	0	+1	-1
Kazakhstan	Na	-1*	-1*	0	-1	Na
Medium HDI countries						
Zambia	-1	1	0	-1	+1	-1

Uzbekistan	Na	-1*	-1*	0	-1	Na
Moldova	Na	-1*	-1*	-1	-1	Na
Low HDI countries						
Congo Dem	Na	0	0	-1	Na	0
CAR	-1	Na	0	-1	Na	-1
Uganda	Na	0	1	0	+1	+1

*was very high at the beginning

* was very low at beginning

Typologies of success

Among the successful countries, all did well on educational enrolment, female/male primary enrolment ratios and poverty reduction changes, except those which had already had exceptionally good performance at the beginning of the period. There was a more mixed performance on growth and on income distribution. Analysis of the successful shortfall reduction countries suggests a number of routes to success are possible:

1. Countries with high HDI and high per capita income can achieve success despite poor (and even worsening) income distribution if they have good or moderate social expenditure and good education indicators. Examples are Mexico, Chile and Panama.

2. Medium and low HDI countries can overcome their adverse initial conditions via improvements in social expenditure, education indicators and income distribution, even with moderate or poor growth, like Nepal or Bangladesh.

3. Another case is to succeed, like Tunisia, through high social expenditure ratios, combined with good growth, but with only moderate, though improving, distributional equity.

4. Finally, a combination of high growth and good distribution, like Indonesia and Laos, can help low-income countries to success, without high social expenditure ratios.

Typology of failure

Poor growth is the overwhelming characteristic of failure, and, in these cases, seems to have led to failure in the high HDI cases (Trinidad and Tobago and Kazakhstan) as well as medium (Ukraine), and low HDI (e.g. Zambia, Uganda and Congo Dem.) countries. The interlocking causal links between HD and economic growth suggest that sustained failure on either is likely to lead to failure on the other (Ranis, Stewart and Ramirez 2000). Over a long period then, economic growth is necessary, but by no means sufficient, to achieve success in HD. In addition, among the high HDI countries all showed worsening income distribution over time, most showed poor performance on HPI change and experienced reductions in social expenditure ratios.

5. Beyond the HDI

It is now well accepted that the HDI represents a reductionist measure of HD. In earlier work, drawing on philosophical investigations of what constitutes the features of a 'full' life, we identified eleven dimensions in addition to those represented by the HDI (Ranis, Stewart and Samman 2006).[2] Here we take a subset of these, because of a lack of consistent and reliable data. We include:

1. Political rights and civil liberties as measured by Polity2 score
2. Environmental sustainability as measured by the Yale Center for Environmental Law and Policy.
3. Inequality as measured by the Gini coefficient.
4. Community wellbeing as measured by two variables: the homicide rate and the incidence of violent political conflict.
5. Gender empowerment as measured by GEM.

For each of these dimensions we look at both the levels of achievement over 1970-2005 and changes, wherever data are available, or for a shorter period where data is restricted. We then compare our 'good' and 'bad' performers on HDI with the performance on these indicators of "HD beyond the HDI" to explore (a) whether countries that do well or badly on the HDI also do well on other indicators; and (b) the nature of divergencies, where they occur.

2 They were mental wellbeing; empowerment; political freedom; social relations; community wellbeing; inequality; work conditions; leisure conditions; economic stability; political security; environmental conditions.

Average political rights index

When we consider the achievements on average political rights (Figure 12), we find a mixed picture in the high and middle HDI categories. In the low HDI countries none of the countries did very well, but there were stronger political rights among the good performers than the bad. A similar ambiguous picture is shown by Figure 13, indicating change in political rights, though here there are fewer observations. Our findings challenge the view that better political rights are either necessary or sufficient to generate improvements in human development (McGuire 2010; Przeworski et al. 2000). It supports the more ambiguous findings about the relationship between democracy and HD of Tsai 2006. Democracy provides the space for political action to promote HD, but active participation, organisation and struggle may be necessary to translate this into improved HD (Tsai 2006; Stewart 2010)

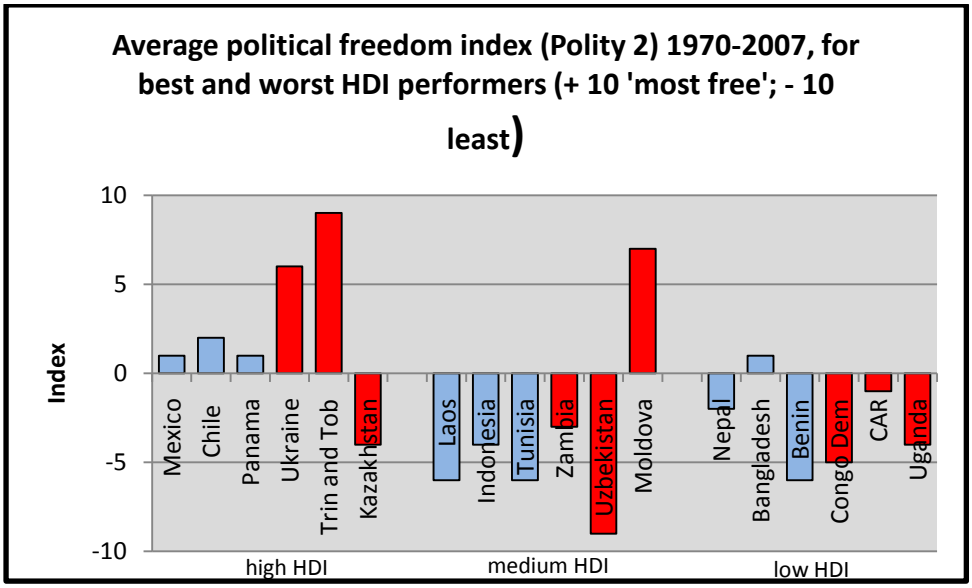
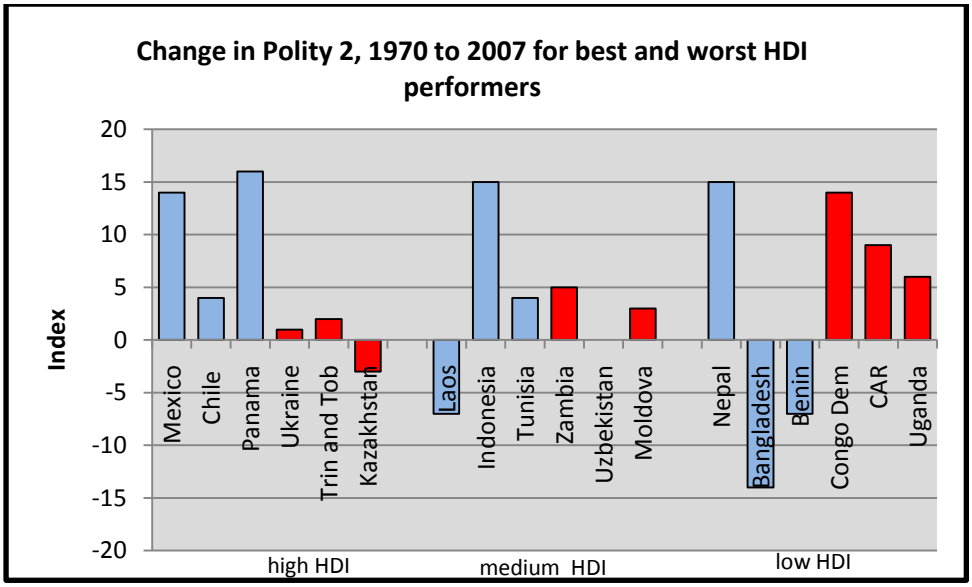


Figure 12. Source Inter-University Consortium for Social and Political Research

(Ukraine, Kazakhstan, Uzbekistan and Moldova, data only available from 1991)



For Ukraine, Kazakhstan, Uzbekistan and Moldova, data only available from 1991.

Figure 13

Source: Inter-University Consortium for Social and Political Research

Gender Empowerment

Gender empowerment here is measured by the UNDP's GEM.

No particular relationship with GEM can be observed (Figure 14). Indeed in the high HDI group, Trinidad and Tobago (with a poor HDI change) has the highest achievement on GEM, and Moldova, also a poor performer in the medium HDI category, does best in its category on GEM. However, in the low HDI category the two good HDI performers do better than CAR (the one poor performer in the low-HDI category for which there is data). We were unable to explore the relationship between change in HDI and change in GEM because of lack of data.

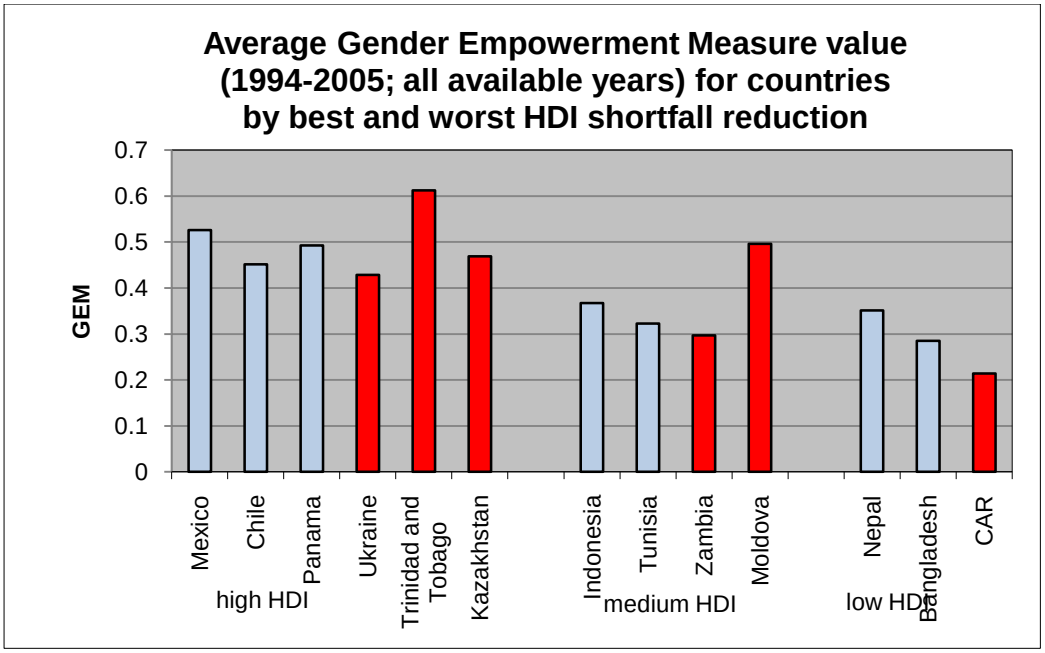


Figure 14.

Source: UNDP, HDRO.

C. Inequality

As noted earlier, we get a mixed picture in terms of inequality and HDI performance (Figure 9): the high HDI category countries with good performance have higher inequality than those with poor performance. This may be partly because Ukraine and Kazakhstan (poor performers on HDI change) have relative equality stemming from the socialist period. Still it remains true that the three good HDI performers – Mexico, Chile, and Panama - each have poor inequality, with Gini indices above 0.5. In the medium HDI group, no systematic differences can be noted: Laos, a good performer on HDI, is exceptionally equal, and Zambia, a poor performer, is exceptionally unequal, and the remainder are rather similar. In the low-HDI category, there are only three observations: both the good HDI performers

(Nepal and Bangladesh) are more equal than the one poor performer (Uganda). As discussed earlier, there is some association between change in income distribution and HDI: the better performers show more improvement in income distribution, or less worsening, than the poor performers.

D. Homicides and the incidence of violent conflict

We use the numbers of prosecuted homicides per 100,000 and the incidence of violent conflict as measures of community wellbeing, including security. The data for homicides are particularly suspect as they depend on reported homicides and their prosecution and understate actual homicides to an unknown extent. We should bear in mind that the data could reflect unequal rates of prosecution. 3

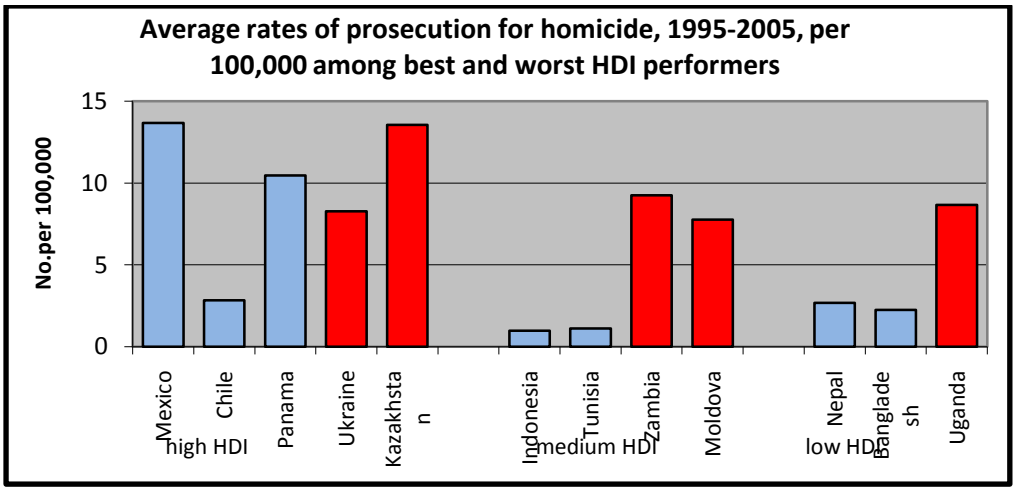


Figure 15. Source United Nations Office on Drugs and Crime (UNODC).

3 "The comparison of intentional homicide figures between countries and regions is, to some extent, a comparison not only of the level of intended killing of persons, but also of the extent to which countries and regions deem that a killing should be classified as such. In essence, societies define those killings that it perceives as acceptable and those that it does not." http://www.unodc.org/documents/data-and-analysis/IHS%20methodology.pdf

An ambiguous picture is shown in terms of levels of prosecution of homicides (Figure 15), as Mexico, a good performing country, has the highest rate of insecurity, and the second highest is Kazakhstan, a poor performer. But in the middle and low HDI categories, the good performers have low rates, well below the poor performers. A similar pattern can be observed for changes in the rate of prosecution (Figure 16).

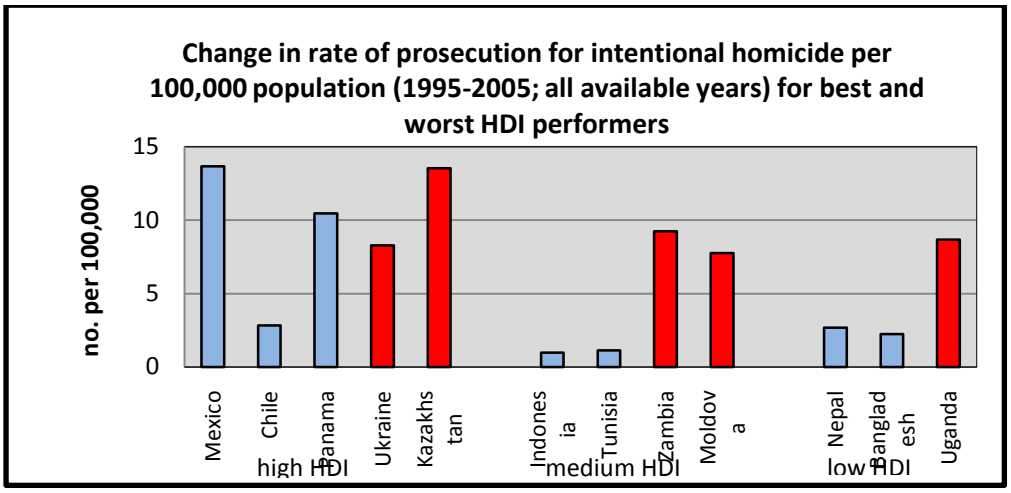


Figure 16. Source UNODC

Figures 17 and 18 show the years (and changes in years) countries experienced violent political conflict from 1970-2005, including both major conflict (weighted as 1 for every year it was experienced) and minor conflict (weighted as ½ for every year experienced).

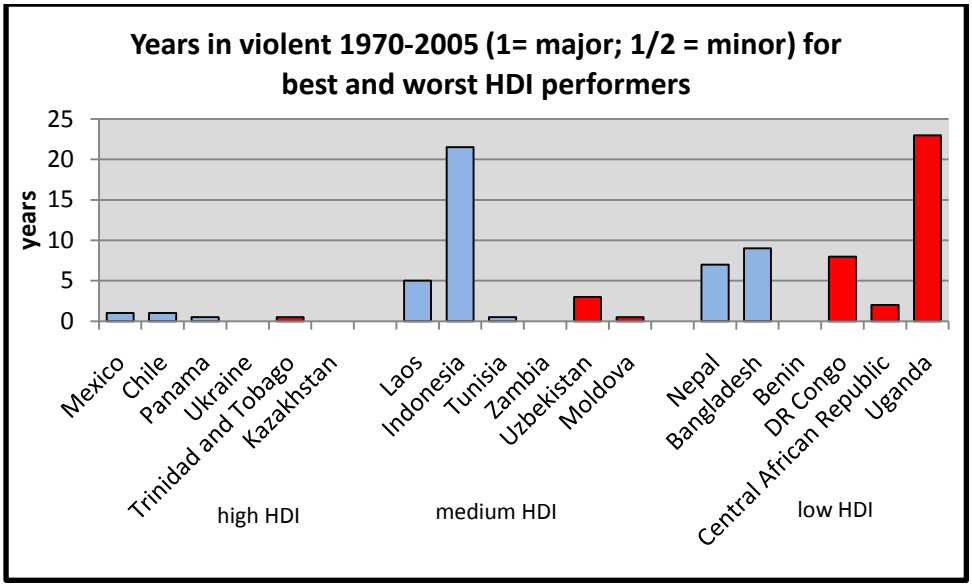


Figure 17.

Source: Uppsala Conflict Data Programme (UCDP)

There is, perhaps, a surprising lack of systematic connection between good and bad HDI performance and the absence or presence of conflict. None of the high HDI (either good or poor performers) experienced significant conflict. But in the medium HDI category, Indonesia (a good performer) showed very high levels of conflict and Laos also suffered in a serious way while among the weak performers Zambia had none and there were minor disturbances in Uzbekistan and Moldova. In the low HDI category, again we find Nepal and Bangladesh having had a significant amount of conflict, but the poor performers, DRC and Uganda, had much more. These findings are probably partly due to the different types of conflict experienced. Indonesia for example, is recorded as having had conflict over many years, but these conflicts were mostly located in specific parts of the country away from the capital and did not affect much of the country, either in terms of economic or human

development.[4] Moreover, as can be seen from Figure 18, with the important exception of Nepal, the successful countries had less conflict at the end of the period than the beginning, while the poor performers in Africa, all saw a big increase in conflict.

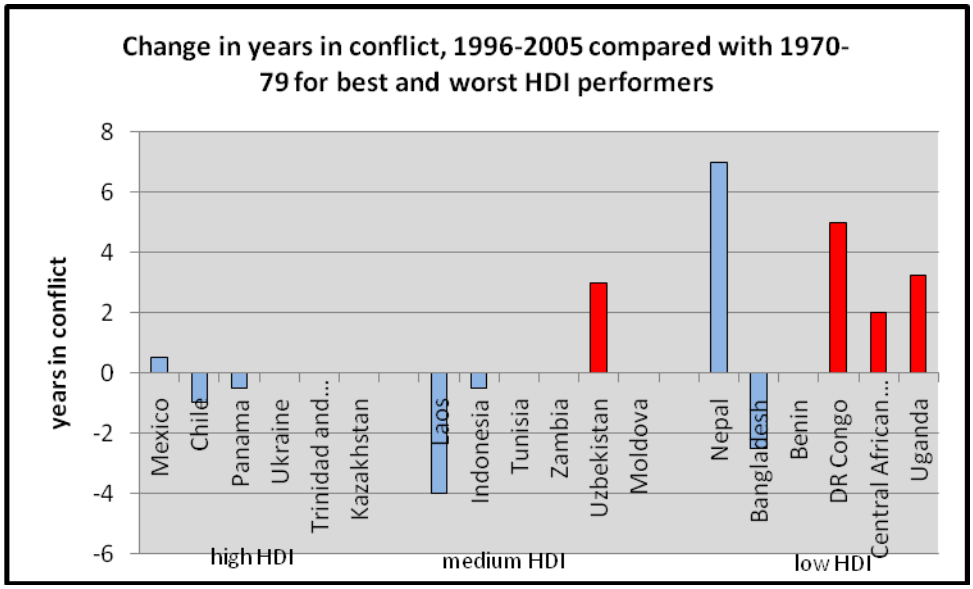


Figure 18.

Source: UCDP.

Environment

This is measured by the Environmental Sustainability Index, which was only initiated in 2002 so there is not enough data to show a change in this index over time. In the high HDI category (Figure 19) every good performer has a better environmental index than the poor HDI performers. The opposite is true in the low HDI category. In the medium category,

4 Stewart, Fitzgerald et al., 2001, found that conflict that was confined to a peripheral part of the country had much less impact on economic and social variables than conflict that was centrally located.

generally the good HDI performers do better, but Moldova (a poor HDI performer) has a relatively good environmental index.

Taken as a whole, this evidence confirms earlier findings (Ranis, Stewart and Samman, 2006), that good performance on HDI does not necessarily mean that countries also perform well on other dimensions of Human Development.

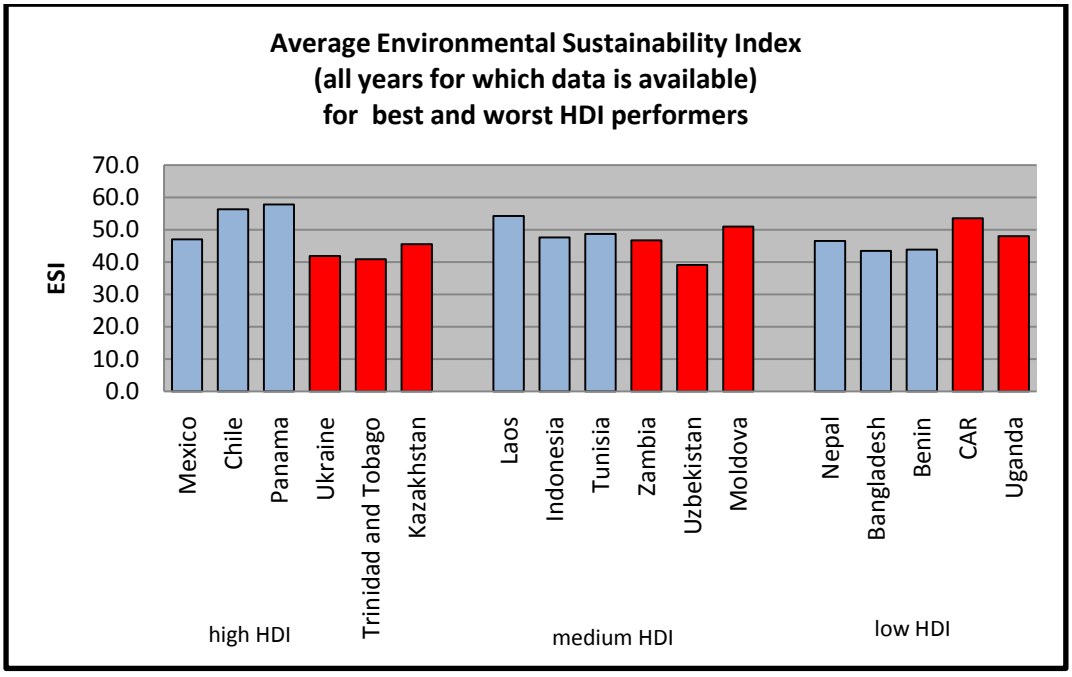


Figure 19.

Source: Yale Center for Environmental Law and Policy

Table 6 shows the performance across levels of dimensions for the good and poor performers; and Table 7 does the same for changes.

Table 6: Relative achievements on some HD dimensions (levels) in good and poor performing countries						
	Political Rights, 80-2005	GEM, 1994-2005	Inequality	Homicides prosecution	Years in violent conflict 1970-2005	ESI
Criteria for especially good (1); and especially poor (-1)	>3 good ; 0 or below bad	>.5 good;<.3 bad	<.4 good; >.5 bad	<4/100,000 good; >10/100,000 bad	0 good; >5 poor	>55 good; ,<40 bad
High HDI, good performers						
Mexico	0	1	-1	-1	0	0
Chile	0	0	-1	+1	0	1
Panama	1	0	-1	-1	0	1

Medium HDI good performers						
Laos	-1	na	1	Na	-1	0
Indonesia	0	0	1	1	-1	0
Tunisia	-1	0	0	1	0	0
Low HDI good performers						
Nepal	0	0	0	+1	-1	0
Bangladesh	0	-1	+1	+1	-1	0
Benin	0	na	Na	Na	+1	0
High HDI, poor performers						
Ukraine	0	0	1	0	+1	0
Trin and Tob	+1	1	0	Na	+1	0
Kazakhstan	-1	0	1	-1	+1	0
Medium HDI, poor performers						
Zambia	0	+1	-1	0	+1	0
Uzbekistan	-1	Na	+1	Na	0	-1
Moldova	0	-1		0	0	0

			0			
Low HDI, poor performers						
DRC	-1	na	na	Na	-1	Na
CAR	0	-1	Na	Na	0	0
Uganda	0	Na	-1	0	-1	0

Table 7: Relative achievements on some HD dimensions (changes) in good and poor performing countries					
	Change in political rights, 80-2005	Change in GEM, 1994-2005	Change in inequality	Change in homicide prosecution 1995-2005	Change in violent conflict, 1970-79 to1996-2005.
Criteria for especially good (1); and especially poor (-1)	>4 good; 0 and below bad	>0.13 good; 0.1 and less bad	>-0.025 good; + 0.025 and above bad	> 3 per 100,000 good; <20/100,00 bad	Reduction of >2 good; Increase of >2 poor
High HDI, good performers					
Mexico	0	0	0	-1	0
Chile	+1	+1	-1	0	0
Panama	0	+1	-1	-1	0
Medium HDI good performers					
Laos	0	Na	-1	Na	+1

Indonesia	0	Na	+1	0	0
Tunisia	-1	Na	+1	0	0
Low HDI good performers					
Nepal	-1	Na	+1	0	-1
Bangladesh	-1	-1	0	0	+1
Benin	+1	na	Na	Na	0
High HDI, poor performers					
Ukraine	Na	0	-1	0	0
Trin and Tob	0	0	+1	Na	0
Kazakhstan	Na	Na	-1	-1	0
Medium HDI, poor performers					
Zambia	0	0	+1	0	0
Uzbekistan	-1	Na	-1	Na	-1
Moldova	Na	0#	-+1	0	0
Low HDI, poor performers					
DRC	0	Na		Na	-1

			Na		
CAR	0	Na	Na	Na	-1
Uganda	-1	Na	-1	0	-1

#data only available for 6 years increase = .091.

Table 6 illustrates a lack of consistency across different dimensions, and little relationship between the non-HDI dimensions and improvement in HDI.

We find the following types of performance:

1. Good (or neutral) performance on all dimensions except for inequality and homicides (Latin American cases, all in the high HDI category).

1. Good or neutral on most dimensions except for political rights (Tunisia), violent conflict (Indonesia), and political rights and violent conflict (Laos); and conflict and GEM (Bangladesh).

2. The poor performing low HDI countries show predominantly negative results where data are available.

The other countries show a mixed performance, with negatives and positives on a variety of dimensions.

Contrasting good and poor performers, the relationships that might be expected do not appear to hold, i.e. the poor performers do not have more conflict than the good ones; the good performers are not less unequal in income than the poor ones; and there is not a systematic

relationship between GEM and HDI performance. The poor HDI performers do not show more negatives on environment, while some of the poor ones do. There are slightly more negatives on political rights among the poor performers than among the good ones.

Turning to change in the dimensions beyond the HDI, (Table 7), again there is not much consistency across dimensions. Some of the good performers on HDI, do poorly on other aspects including change in political rights (Nepal, Bangladesh and Tunisia), change in GEM (Bangladesh) change in inequality (Chile, Panama and Laos) and change in violent conflict (Nepal). The poor performers, however, usually do worse on change in conflict than the good ones, the three low HDI poor performers all being negative on this.

6. Some country vignettes

To understand the sources of success and failure in HD, it is helpful to go beyond the data, to attempt to obtain a better understanding of the political, historical (and other) factors behind decisions which led to success and failure. We therefore select six countries in this section which showed exceptional performance (four positive, two negative) over these years and provide short vignettes of their historical paths.

Bangladesh

Bangladesh is an interesting case because it appears as a worst case, from the perspective of best achievements on HDI, 1970-2005, but is among the best performers in terms of shortfall reduction in the low HDI group. This indicates that it started from a very weak position –

literacy was as low as 29% in 1980 (female only 18%); malnutrition was over 60% in 1980, under 5 mortality 240 per 1,000 live births in 1970, life expectancy was just 44 and income per capita in 1975 was just $150. 1970 was just before Bangladesh achieved independence, having suffered as the exploited eastern wing of Pakistan from 1947. The war that led to the split in 1971 involved a very sharp (but temporary) fall in incomes (Figure 20).

It's difficult to argue that Bangladesh has been well governed since then: the first Prime Minister was murdered, and there has been a succession of coups; the Bangladesh government is also notoriously corrupt – it was worst on Transparency International's corruption index in 2005. In 2009 it was 139 out of a total of 180 countries. On political rights, Bangladesh has fluctuated between 3 and 5, according to the Freedom House index (where 1 is most free and 7 least). Yet despite this unpromising context, Bangladesh has made consistent economic and social progress since 1970. Per capita economic growth, after some fluctuations in the 1970s, has been positive and increasing, reaching between 5 and 6% p.a. by the 2000s (Figure 20) . This growth was based on rising investment (gross fixed capital formation increased from 5% in the 1970s to over 20% by 2005), and accelerating exports, which rose from below 5% of GDP in the mid-1980s to 18% by the 2000s . Export growth largely consisted of textiles, which expanded their share of total exports dramatically. At the same time there was marked progress in education and health. Education expenditure as a proportion of GDP was just 1.1% in 1975 but rose to 2.7% by 2005, while the share of primary education in that total also rose slightly. There was an 83% improvement in adult literacy 1980-2005, and female literacy increased by 166%. All educational indicators improved, with school life expectancy rising from 5 years in 1975 to 8.5 years in 2005, by which time female and male life expectancy were equal. There was also a big rise in immunisation rates, in access to improved water sources, and an improvement in births

attended by skilled health staff, though the rate remains very low at below 20% of births (Figure 21). The estimated incidence of HIV/AIDS is very low (0.1%) (Data on this from CIA World Fact Book).

This economic progress was accompanied by a consistently relatively equal income distribution, with the share of the bottom 20% hovering around 9% (in Chile in contrast that share is between 3 and 4%). The Gini coefficient which was 0.336 in 1996 declined to 0.332 by 2005. There has been a substantial fall in malnutrition rates since the early 1990s. Child mortality rates fell to around 68 per 1,000 and life expectancy rose to around 65 by 2005 (Figure 22).

Yet this is not a case of an effective and egalitarian state promoting HD. Indeed, one observer noted:

> 'The patronization by successive governments of a criminal class, who
>
> have become instrumental to the functioning of our principal political parties has brought the machinery of law enforcement into contempt…The days when bureaucrat were driven by a sense of public mission, built on expectations of professional recognition and advancement, remain in distant memory. In such circumstances the administrative system is rarely capable of implementing any policy and is largely seen as an agency for rent seeking from the helpless citizens... The health care and education services have degenerated to a point where it is a misnomer to term them as a public service.' (Sobhan 2002: 6).

Since Bangladesh gained independence from Pakistan in 1971, the government has oscillated between authoritarian military domination and democracy, and in the democratic phases, between two political parties each of which aims to prevent the other from advancing governance effectively (Kabir 1999; Rahmin 1997; Ahmed 1995). Despite an apparently rather dysfunctional state, progress occurred largely due to two types of non-state actors: first an enormously enterprising and extensive set of NGOs; and secondly, a dynamic private sector, especially in garments and textiles.

Two major institutions - BRAC and the Grameen Bank - supplemented by many others, have extended credit to millions of the poor, especially women, and provided education and other services (|Lovell, 1992; Hulme and Mooore, 2008; Nath 1997; Rohde 2005; Holcomb 1995; Bornstein 2005). The Grameen Bank lends to over 7 million people, of whom over 90% are poor women; it has also moved into other activities including telecommunications and garments production. BRAC claims to cover 110 million people including health and educational programmes and social enterprises as well as micro-credit.

The second important set of non-state actors are small and medium-scale entrepreneurs, many of whom had little previous entrepreneurial experience, who seized the opportunities to expand low-cost textile and garments production offered by the Multifibre Agreement initially, and, despite pessimistic prognoses, sustained efficient production for the low-quality end of Western markets even after this agreement ended in 2005 (Islam 2001; Erfan 2004; Quddus and Rashid 2000). Very low wages (less than half those of China and well below other countries in the region) and some domestic tax incentives helped the expansion. From 1978, exports of garments grew from $1 million to $8billion in 2006 (Ahmed, 2009).

These two actors – locally initiated and managed NGOs and local small and medium entrepreneurs - supported by the state, at least intermittently, made possible the virtuous and mutually supportive cycle of relatively egalitarian economic growth and progress in Human Development.

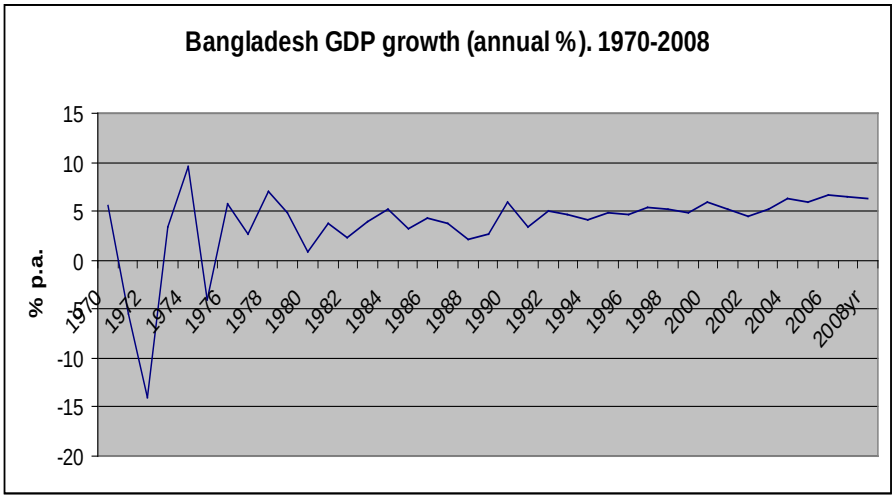


Figure 20

Source: WDI

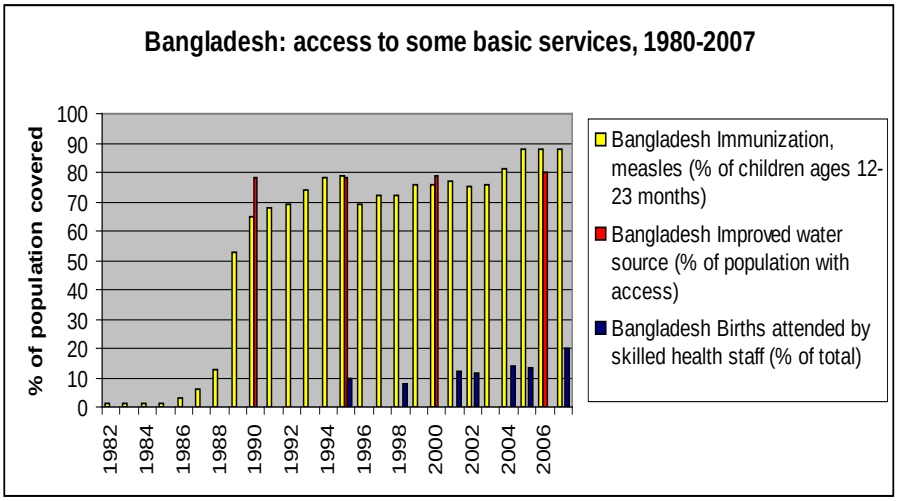


Figure 21

Source: WDI

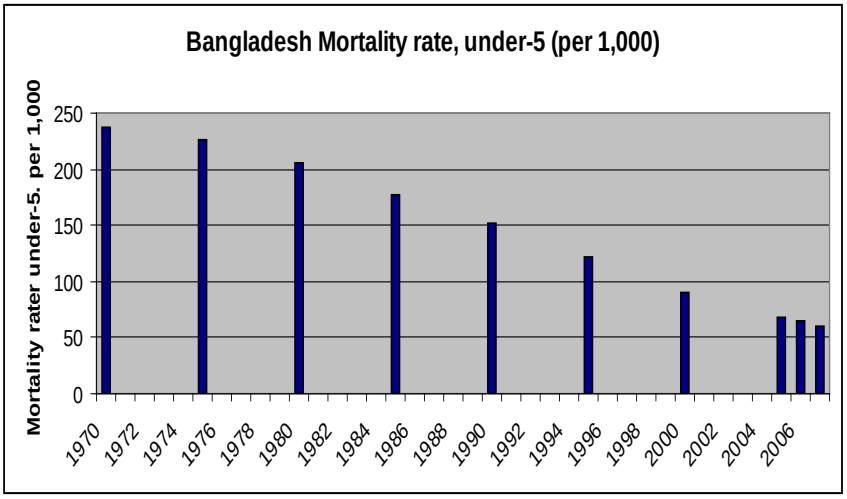


Figure 22

Source:WDI

Indonesia

Indonesia is one of the best performers on shortfall reduction in the middle HDI group. Like Bangladesh its performance is particularly impressive given the large size of the population (Indonesia's population is estimated at 100m in the1970s and 225 m. in 2007). In the case of Indonesia, its archipelagic character which includes multiple ethnic groups and languages has increased the challenge. Rich oil and gas resources, first discovered in the 19th century, however, provided the potential resources to finance rising HD, but also brought with it the usual problems associated with managing the economic and resource distribution of abundant high value natural resources. The 35 years since 1970 saw both economic and social transformation. Economic growth per capita on average was 4.3% p.a.[5] (Figure 23) (the highest of all the good shortfall reduction countries), while Indonesia maintained a relatively equal income distribution with a Gini of 0.37 on average, 1980-2005. At the same time it made steady social progress. The immunisation rate, births attended by skilled health staff and improved water sources all increased fairly steadily over the period for which there are data (Figure 24); the gross primary enrolment rate was less than 50% in 1970 and rose to 88% by 2005, while the female/male ratio in primary and secondary schools was 0.95. Nonetheless, in many respects Indonesia still lags behind other S.E. Asian countries, it still has not achieved 100% primary enrolment and has a relatively high child mortality rate of 31 (Figure 25)

What was behind this considerable success? We need to divide Indonesia's progress over this period into two: the New Order which came to power under Suharto in 1966 and ended in

5 Growth in Indonesia was estimated by Statistics Indonesia 4.5% for 2009 during the global financial crisis which affected neighbouring countries.

1998, following the economic collapse associated with the East Asian financial crisis; and the *reformasi* or democratic era which began with Suharto's resignation and free elections in 1999.

In the New Order period an authoritarian government supported the economic and social transformation of the country, using oil and gas resources to finance infrastructure, especially through the INPRES (Presidential Instructions). On the economic side, despite the significant role of natural resources, Indonesia supported diversification with infrastructural investments and generous credit policies. Both rice production, assisted by the green revolution, investment in irrigation and fertiliser subsidies, and labour-intensive industry, flourished – in strong contrast to many oil-rich countries. Indonesia was able to make use of its cheap labour force to expand textile production using oil revenues to promote investment.[6] This was probably facilitated by the fact that oil production peaked in the mid-1970s and by 2006 Indonesia had become a net importer of oil. But the government also managed the exchange rate to avoid the high value that typically obtains in resource-rich countries. Indonesia's non-hydrocarbon development – the focus on rice – a labour-intensive crop, much produced by small farmers - and on labour-intensive textiles led to the fairly equal income distribution observed.

Political factors also underlay the success. Lewis (2007) argues that the growth and development success of Indonesia can be explained mainly in institutional terms. He contends that due to the fairly compact national elite, the durable coalition between the power

6 'One fifth of the government's investment expenditures during the 1970s oil boom went into agriculture—compared to 2% for Nigeria (World Bank 2000: 3)' (Ascher 2008: 25).

blocks of the military, and capable technocrats, Suharto signalled 'credible commitments to investors through a combination of formal policies and informal patronage, even though many state institutions remained weak throughout his rule'. whereas 'the failure to construct a more effective institutional architecture rendered the system vulnerable as the economy expanded and integrated more extensively into global markets' and, with the onset of the Asian Financial Crisis, in part led to his downfall (2007: 6-7). In the late 1990s, as Suharto aged (signalling to military factions that the presidency would soon be available – Bertrand 2004), his control weakened among the once cohesive military and civilian elite and among the populace. The discontent amongst civilian groups with limited political freedoms culminated in the political unrest leading to his downfall, which had previously been kept at bay by military control and by the New Order's delivery of growth and improvements in standards of living.

During the New Order, expansion of primary health care and education was financed by INPRES which facilitated targeted poverty alleviation programmes for what were known as 'disadvantaged areas'. The decentralized distribution of government expenditure at that time has been shown to have been equalising in terms of regional distribution (Ravallion 1988), but at the same time programmes such as transmigration, which led to the relocation of (mainly) Javanese from the most densely populated areas to the outer islands, created communal tensions (Brown 2008). Furthermore, the redistribution of natural resource wealth from oil rich areas such as Aceh and Papua may have improved HD in other parts of the country, but this did not translate into higher standards of living for local Acehnese and Papuans further stimulating separatist tensions in these regions. In fact in 2004, Aceh was still ranked the fourth poorest province in the country in terms of poverty rates (Ascher 2008).

The financial crisis of the late 1990s, shortly followed by a political crisis, led to a major recession, with GDP falling by more than 10%; while growth recovered after the transition to democracy, it did not reach its previous rate, although it still attained 5%- 6% p.a. from 2001. Investment from abroad was deterred by the political uncertainties resulting from the popular uprising against the New Order and gross capital formation has not reached the high levels (30%) achieved by the end of the New Order.

The democratic era brought a radically different set of social policies: a programme of unconditional cash transfers replaced fuel subsidies, subsequently replaced by conditional transfers and there was a massive and radical decentralisation initiated in 2001. Local government expenditures in 2006 were twice as much as the total central government expenditure (Ascher 2008; World Bank 2007). While social sector expenditure had been relatively modest in the New Order era, it has accelerated since, with both health and education expenditure more than doubling in real terms between 2001 and 2006 (Ascher 2008). Moreover, the priority ratio has almost certainly improved, with decentralisation; primary and secondary education are estimated to account for 87% of total education spending (Ascher from World Bank 2007). In the health sector, the large, although declining, share of provinces and districts in the total (66% in 2001; 55% in 2007) ensured that the share of primary health care was high.

Throughout the initial years of the reform, there was consistent public pressure on the state from civil society groups to open up political freedoms and deliver poverty alleviation programmes to offset the effects of the financial crisis. NGOs, the press, students and trade unions camped outside the national parliament as legislation was under consideration to

ensure that minimum wages were introduced, labour laws were revised to allow for freedom of association, and the role of the military was rolled back. Mass public rallies ensued when economic reforms appeared likely to have dire impacts on the poor during the financial crisis and in the initial years of the reform, stimulating the introduction of social safety net programmes for health and education and the cash transfer programmes mentioned above. Relatively peaceful elections of 1999 and 2004 saw the opposition take power, relaxing the stranglehold of New Order elites, leading to greater public accountability of politicians.

In summary, Indonesia's success in improving HD under Suharto was partly driven by the high rate of growth and its nature (broadly labour-intensive), supported by good distribution in spite of relatively low social expenditure ratios. Post- Suharto, we see the operation of a (partially) democratic state, where supporting basic services and reducing poverty become political necessities. In this era slower (though still high) growth has been accompanied by greater expenditure on the social sectors and on poverty relief via cash transfers. The radical decentralisation is likely to have assisted the improved total expenditures on social services and improved priority ratios.

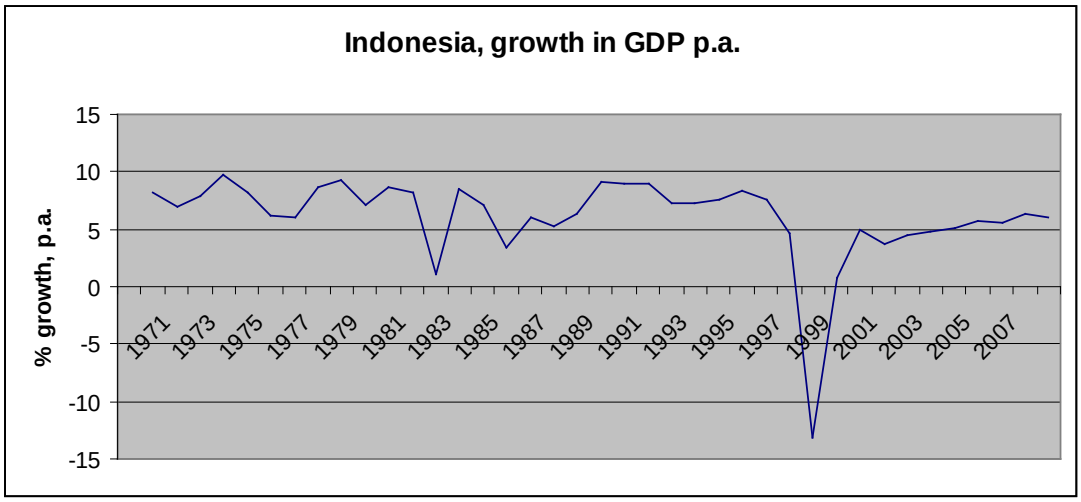


Figure 23

Source: WDI

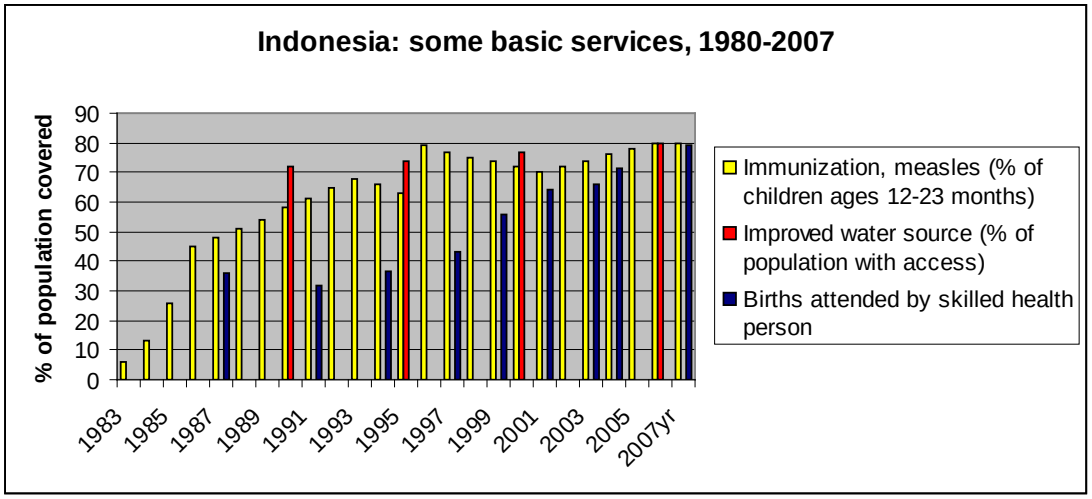


Figure 24

Source:WDI

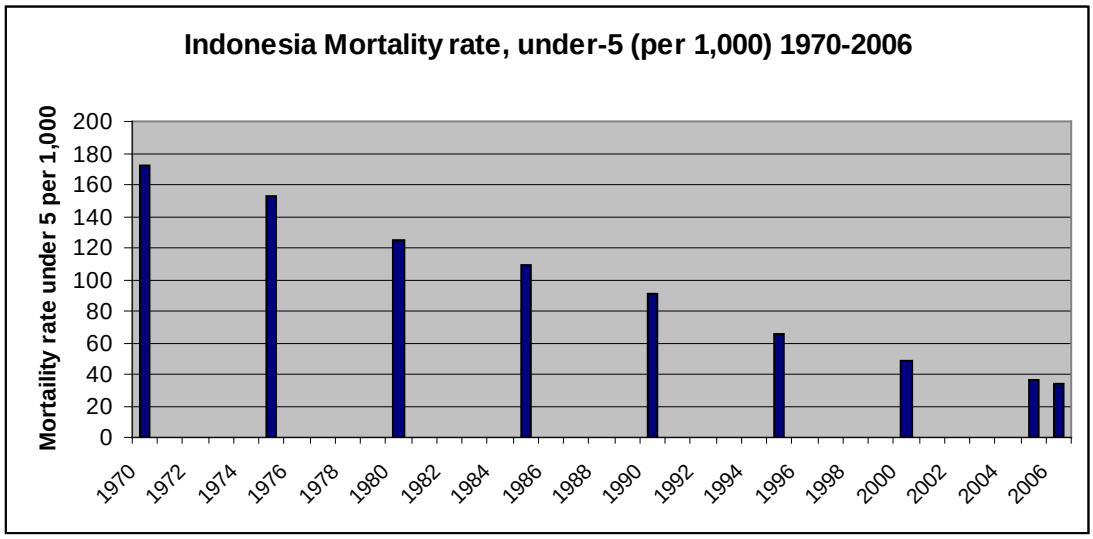


Figure 25

Source: WDI

Zambia

Zambia is classified as one of the three worst countries, in terms of shortfall reduction in the medium HDI category. Its middle HDI status in 1990 stemmed from the relatively high income from copper and its use to extend services to the population. Its poor performance on HDI subsequently, meant that by the end of the period it fell into the low HDI category. This failure is basically due to a combination of very weak economic progress and a high incidence of HIV-AIDS. But political factors were also behind this failure – these effectively insulated policy from pressures from the people for poverty reduction and human development.

Zambia is heavily dependent on copper exports and failed to diversify significantly over this period. Indeed, industry's share of GDP was 60% in 1970 and had fallen to 25% by 2000 (it

subsequently rose). Sharp fluctuations in the terms of trade (Figure 27) have been mirrored by fluctuations in GDP (Figure 26), and growth was frequently negative over this period. Income per capita rose on the basis of good copper prices and import-substitution up to 1982, but Zambia was badly hit by the 1980s debt crisis and terms of trade deterioration in the 1990s (Figure 27), and incomes fell sharply to only about one-third of their peak. Moreover income distribution was highly unequal, with the bottom 20% of the population securing between 3 and 4% of total income for most of the period and the Gini at over 0.6 , the highest of all the countries observed in this paper. Investment fell to as little as 11% of GDP by the end of the 1980s, and then recovered gradually and was 22% in 2008, still well below its level in the 1970s. Per capita income stagnated in the 1990s, and started to rise again (with booming copper prices) from 2003. The economic failure, which was a fundamental factor behind the poor HD performance, cannot be attributed only to heavy dependence on copper and poor terms of trade, since other natural resource rich countries managed to diversify, to sustain growth and to improve their HD (like Indonesia and Chile). The poor economic performance meant that service delivery stagnated (Figure 28), and indeed there were severe cuts in the 1980s. The primary school completion rate which had reached 81% in 1980 had fallen to 60% by 2002, but subsequently rose again to 88% by 2007. Moreover, very high poverty rates resulted, with over 60% of the population falling below the $1.25 a day standard.

The weak economic performance was compounded by a very high rate of HIV-AIDs (Figure 29) – an estimated 16% of the adult population was affected by the mid-1990s. Since then the epidemic has been contained but over 15% of the population are still HIV-positive. There are, of course, huge implications for HD from such a high rate of infection, not only in terms of deaths but also for skills, labour productivity, child support and so on. Many prominent civil

servants and politicians, for example, died; and there was a massive increase in the number of orphans. The rise in child mortality from the mid-1980s (Figure 30), with a parallel fall in life expectancy over this period, is due to this epidemic. However, while the Zambian HD failure, then, is easy to explain, there are also some grounds for optimism, in that economic growth has resumed, education rates are improving, and the HIV-AIDs epidemic has been contained.

Zambia has seen a democratic transition during this period and the peaceful transfer of power through elections. Yet this made little difference to economic management, or to the commitment to human development. The level of corruption remains high, according to Transparency International, which places Zambia 99th in the world (of a total of 180) in 2009, an improvement on 2001 results when Zambia was 75th of 91 countries. The title of an analysis of aid sums up the situation: 'Aid and poverty reduction in Zambia: Mission Unaccomplished' (Saasa with Carlsson 2001).

The nature of Zambian politics is an important element underlying this failure. As early as 1974, Molteno pointed out that political parties in Zambia tended to adopt 'sectional' (or ethnic) cleavages to mobilise support, basically because this was the most effective way, since class did not unite so many people so effectively given the divisions between peasants and urban workers, as well as between formal and informal urban workers. According to him, national leaders 'set out to stimulate and even create sectional identifications among the masses' in order to gain support (Molteno, 1974: 77). During the single party era, dominated by President Kaunda, Bates and Collier argue that urban support was more important than rural to sustain Presidential power, though at that stage poverty was overwhelmingly rural

and hence policies favoured the urban areas and especially the elite (Bates and Collier, 2005). Moreover, within the single party (UNIP), 'those seeking high office …were not constrained by electoral mechanisms within the Party; they did not have to champion the interests of those at its lower reaches' (Bates and Collier, 1995:125).

Once democracy was reinstated, Zambian politics returned to the sectarian pattern, as Posner (2005) shows. Again ethnic loyalties were used to garner votes, Posner argued, pointing to evidence from Zambian political parties and voting patterns, that in a majoritarian democracy, particular coalitions and identities are created so as to produce sufficient support to win elections (Posner 2005). This type of politics leads to divisions *within* classes (including the poor), resulting in patrimonial rather than ideological politics. As Eberlai shows in a detailed account of donor politics and the ineffectiveness of PRSPs to deliver pro-poor policies, in Zambia such a system has been fuelled by aid (Eberlai 2005). Accordingly, the PRSP process in Zambia effectively bypassed parliament and communities, consulting only organised civil society, and only on somewhat peripheral issues. He concludes that 'as long as donors are fuelling and thereby stabilising neo-patrimonial systems, genuine developments towards democratic societies ruled by elites in the interests of the poor will hardly occur' (Eberlai 2005: 112). Consequently, there is 'an apparent disconnect between people's needs and the way the country's affairs are run' (Abdi and Shizha and Ellis, 2010, abstract). Yet evidence suggests that it is where groups of underprivileged people unite and press for political change that progressive pro-human development change occurs (McGuire; Stewart, 2010).

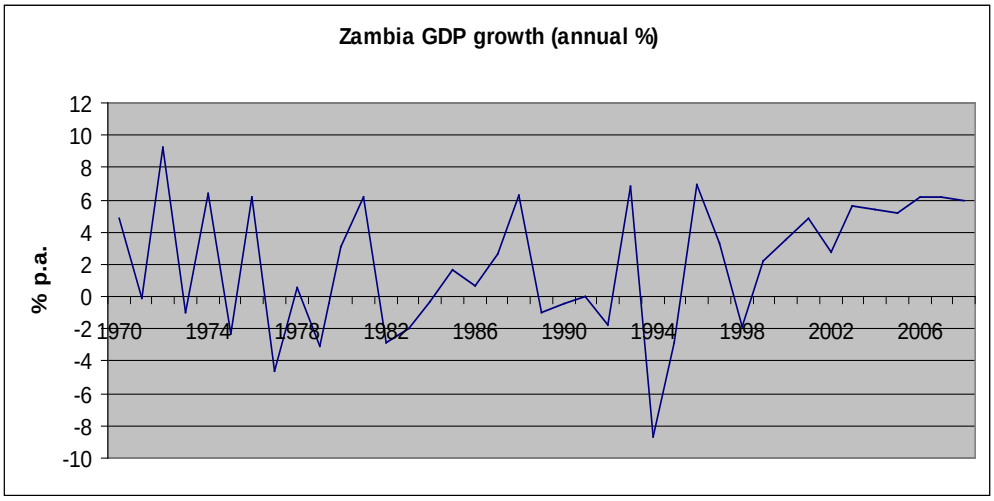


Figure 25

Source: WDI

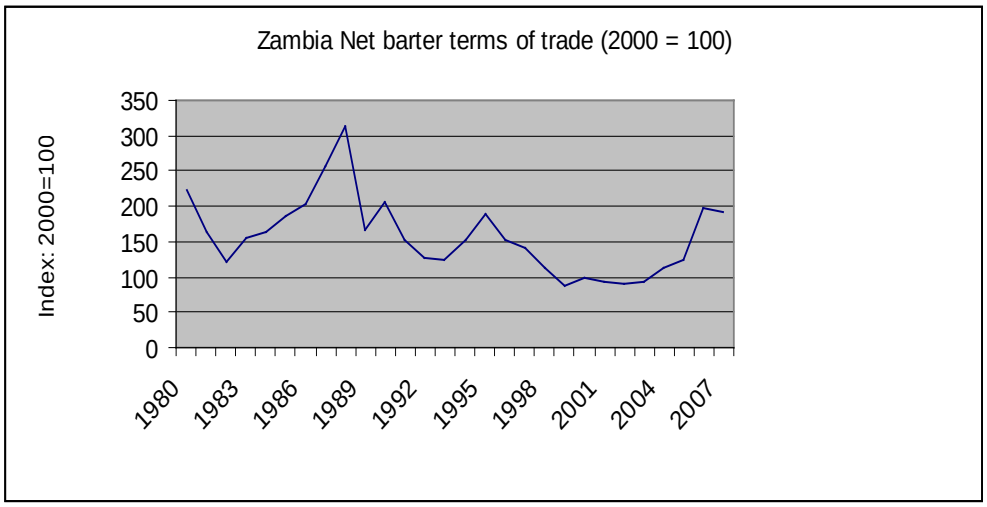


Figure 26

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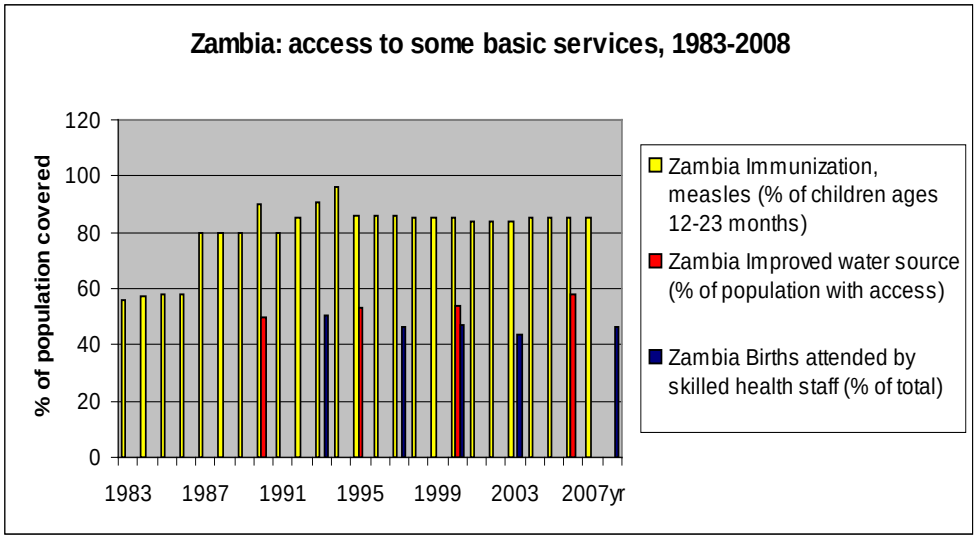

Figure 27

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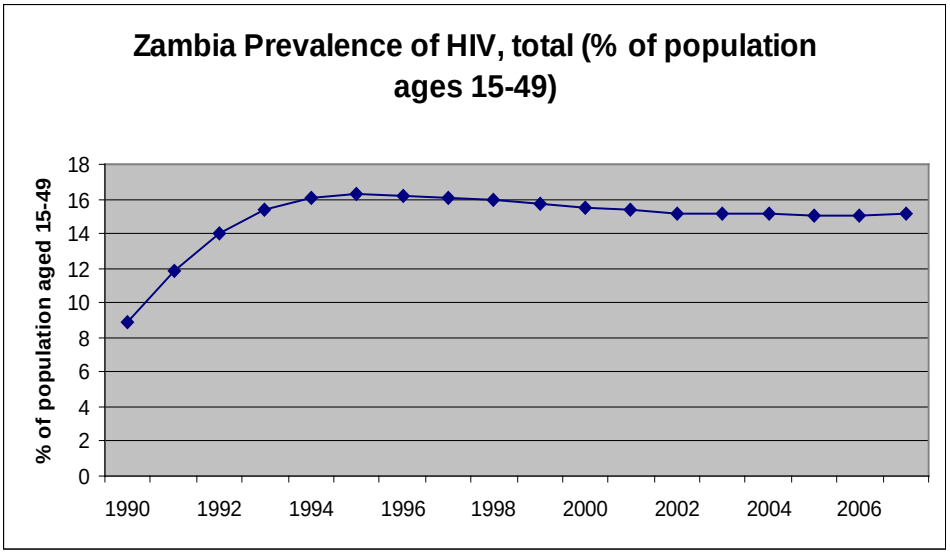

Figure 29

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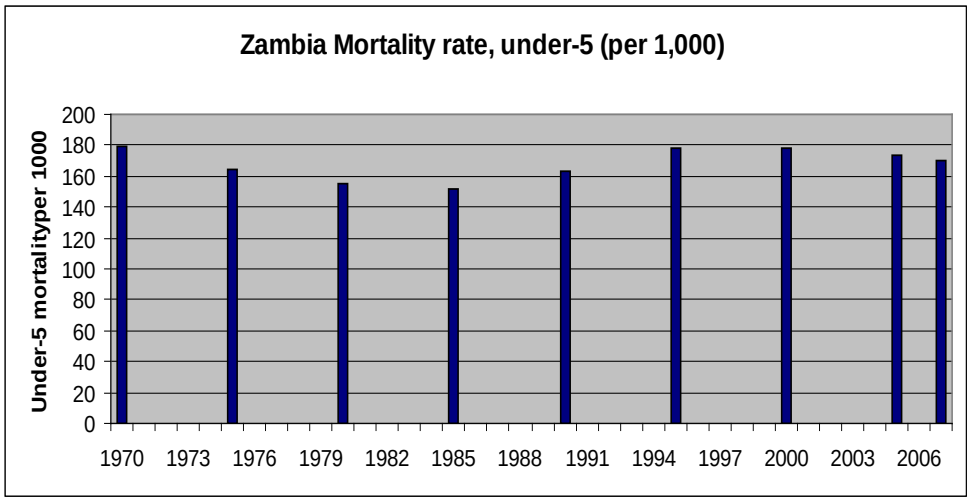

Figure 30

Source: WDI

Chile

Chile represents an interesting case of success, which saw progress in Human Development both during democratic and authoritarian periods. Moreover, over the entire period, 1970-2005, this is a country which demonstrated that it is possible to do well on HDI reduction with modest and fluctuating growth (Figure 31) and high income inequality, due to the beneficial impact of education and health-related expenditure patterns, with a social expenditure ratio (at 6.3%), a total education enrolment ratio (at 82%) with a difference in the female/male primary enrolment rate of only 1%.[7] The fact that Chile achieved a much lower level of child mortality than would be expected by its level of GDP per capita (Figure 31) indicates that factors other than income have been at work, including the country's long democratic experience prior to the 1973 coup and its relatively high initial level of per capita

7 James McGuire found that "wealthier leading to healthier" works best for levels of income, less well for changes - i.e. the periods of faster growth rates of GDP per capita in Chile between 1960 and 2009 were associated with slower rates of decline in infant mortality rates.

income and life expectancy. Moreover, throughout it has placed great premium on maternal and child health (shown by its very high rates of skilled personnel attendance at births (Figure 32).

What makes the case especially interesting, and in some way comparable with Indonesia, is that the long period under observation needs to be divided into two epochs, the 17 years, 1973-1990, under the military dictatorship of Pinochet, and the subsequent 15 years under the democratic leadership of the *Concertacion*. Top civil servants, aided by the "Chicago boys", forged economic and social policy. During the authoritarian political rule, the Pinochet government generally pursued market oriented and monetarist economic policies.

The Pinochet period saw a cut in social expenditure, but decentralisation and strict targeting of programmes to the health and education of children allowed continued progress in major health and educational indicators. In 1980 Pinochet transferred the responsibility for education and health from the centre to the *municipios* but without providing the needed accompanying financial resource transfers. Between 1977 and 1988, the share of government expenditure going to the social sectors fell from 21.4% to 15.5%. However, the social priority ratio (the share going to pre-tertiary education and primary health care) rose sharply from 42.5% to 72.7%, partly due to a major reduction in public support for Universities and partly to decentralisation (Stewart and Ranis, 1994). Education expenditure as a share of public expenditure fell from 22% in 1970 to 10% in 1990. Comparisons of expenditure patterns by *municipios* and the central government indicate that municipios spend a much higher proportion of revenue on HD-promoting activities (Ibid). Pinochet also abolished the rural neighbourhood associations in existence before the coup. The net effect of the changes was to increase maternal and infant health care targeted on the poor and basic education. This

appears to have compensated for a high level of income inequality. During the subsequent post-1990 democratic epoch, elections at the local government level were reinstituted, as were civil society organisations generally, including the neighbourhood associations, an example of genuinely indigenous NGO activity. Growth rates were explosive initially during the democratic era while moderating somewhat in recent years. Both taxation as a share of GDP and the share of social expenditure in total public expenditure also rose during the democratic era. Revenue (excluding grants) rose from 22.5% to 27% of GDP between 1990 and 2007, and the share of education rose from 10% to 18%. More limited data on health expenditures indicate that this also rose. The government also introduced substantial cash transfer programmes directed towards the poor. The resumed growth, together with these social programmes led to continued progress on human development, despite unsatisfactory levels of income inequality (although there has been some reduction in inequality during the past two decades) (Bravo and Contreras 2004; Cowan and De Gregorio 1996; Engel,. Galetovic and Raddatz 1997).

Chile's heavy dependency on copper for its domestic revenue as well as export earnings continues to be viewed as a problem but, unlike the instance of many other bonanza cases, Chile's foreign exchange proceeds have been protected via their placement in a sovereign wealth fund "lock box," earning 7% annually and deployed counter-cyclically. Overall, it is no exaggeration to say that Chile has been the "poster child" of Latin American development in recent years. It has consistently maintained a high female/male enrolment ratio and high overall education expenditure ratios – even though the quality of public education is suspect – and has achieved a reputation for outstanding innovation in generating both growth and expenditures to support advances in human development. It has also been a good or moderate performer on most dimensions of "HD beyond the HDI" – with the somewhat surprising exception of gender empowerment. Chile may be viewed as a good example of a

country achieving success despite poor income distribution when a relatively high income per head is accompanied by some combination of good social expenditure and priority ratios.

Chile has a long history of giving priority to Human Development, partly due to early democratisation. From a political perspective, it is of interest that basic health and education received continued support during the non-democratic era. This has been attributed to strong public expectations of good service provision, 'influenced by many decades of previous democratic or pro-democratic experience' (McGuire 2010:278).

Figure 28

Source: WDI

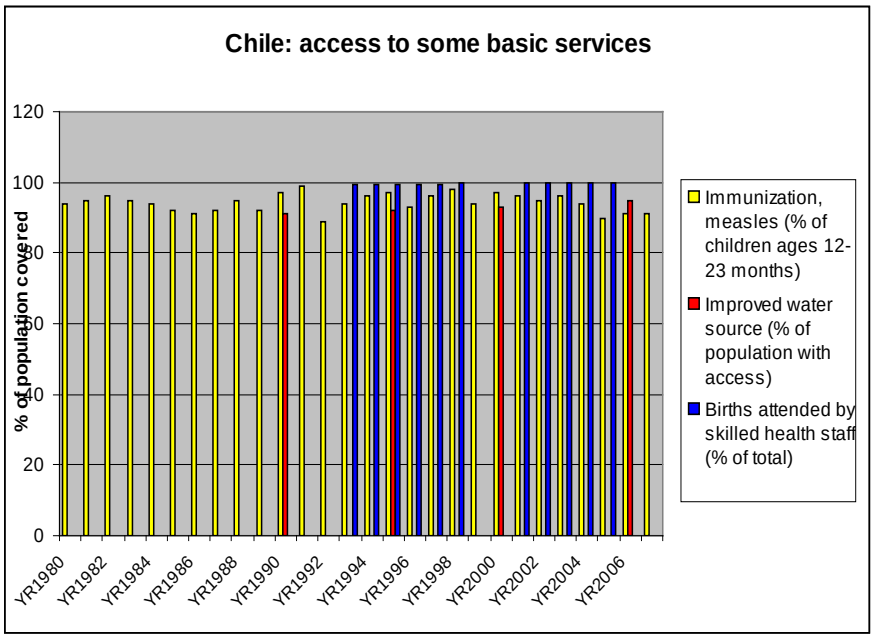

Figure 32

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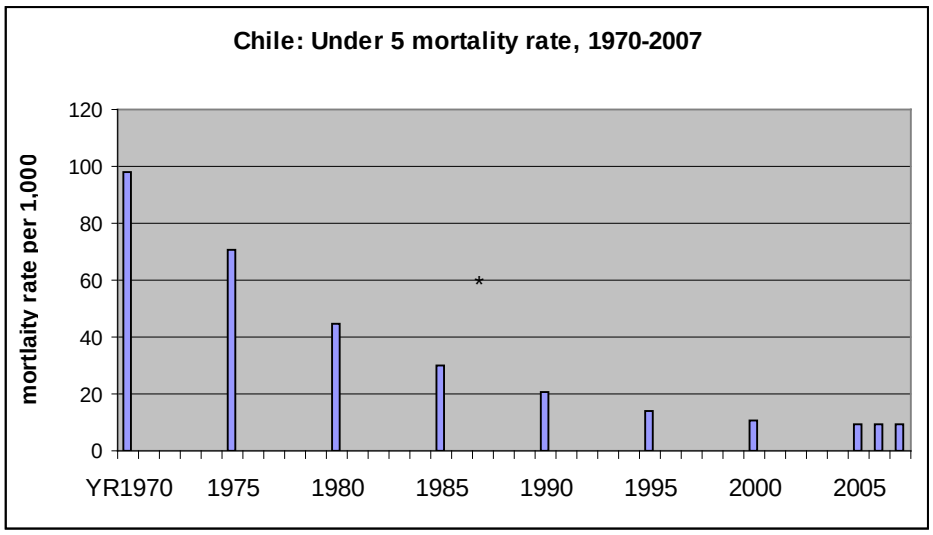

Figure 33

Source: WDI

Laos

Laos appears as a relative success story, in terms of the HDI shortfall reduction criterion, surprising in light of its involvement in the Vietnam War and the civil war that followed, which left high levels of poverty and poor infrastructure, as well as its landlocked status and small population (Bird and Hill 2010). It demonstrates that egalitarian income distribution, accompanied by good growth from the 1990s (of 5% or more) (Figure 34), can overcome high rates of poverty and malnutrition, low levels of per capita income ($765 in 2008) and education, a very low social expenditure ratio and a poor (though improving) ratio of female/male secondary enrolment.

As a landlocked country, heavily bombed during the Vietnam War, lacking infrastructure and skilled manpower, it has nevertheless managed to achieve prodigious (over 30%) investment rates, undoubtedly contributing to its high per capita income growth rate. With 80% of the population still rural, this growth is fueled by gold and copper exports plus a booming, if still small, industrial sector. As a single party communist country, initially dominated by Vietnam and subsequently tied closely to the Soviet Union, it has responded pragmatically to changes in the world situation. In 1986 substantial liberalization took place. Consequently Laos now sports a 30% export ratio, booming tourism, anticipates becoming a member of the WTO and expects to graduate from the UN's list of least developed countries by 2020 (Andersson, Engvall and Kokko 2007; Fane 2006) It remains closely tied economically to Thailand and foreign aid still supports 80% of its public investment and 40% of total public expenditure. Moreover, the rural areas remain very poor, the majority being subsistence farmers, many practicing shifting cultivation. It is widely believed that the land titling programmes, adopted in the late 1990s with the support of the World Bank, have worsened poverty for many

without improving productivity (UNDP 2001; Moizo 2004; Nilsson and Victor 2004). While income distribution remained egalitarian up to 2002, with the Gini at 0.33, this may change as the impacts of land allocation policies and of expanding mineral production are realised.

Laos has a low revenue ratio (at 13% in 2007), although the share of education has been rising within this total. Nonetheless, education expenditure remains at just 2% of GDP. However, the 1990s saw big improvements in service coverage, especially immunisation, leading to an acceleration in the decline in child mortality (Figures 35 and 36). Corruption levels are high. Nonetheless, Laos is performing reasonably well on most of the "beyond the HDI" dimensions, with the notable exception of political rights.

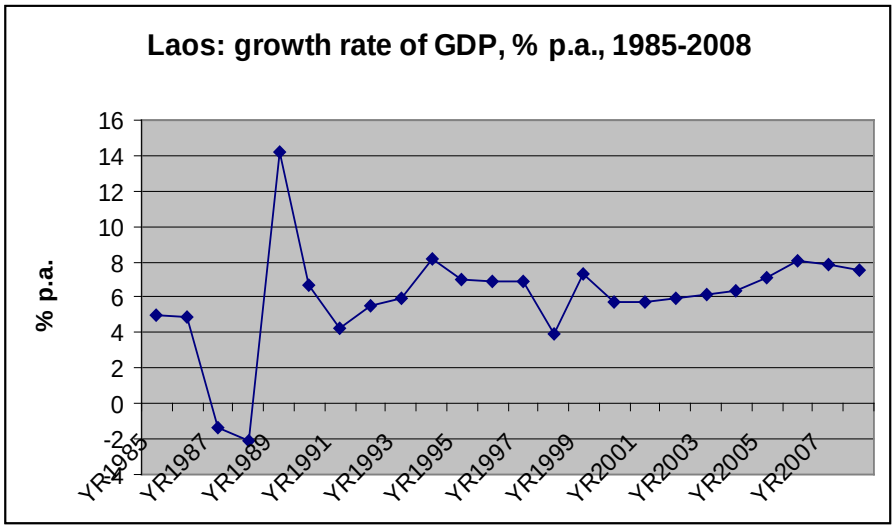

Figure 29

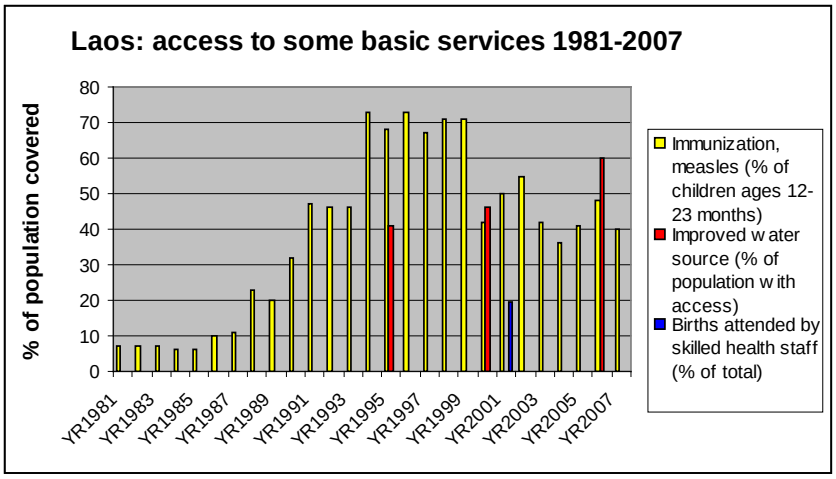

Figure 35

Source: WDI

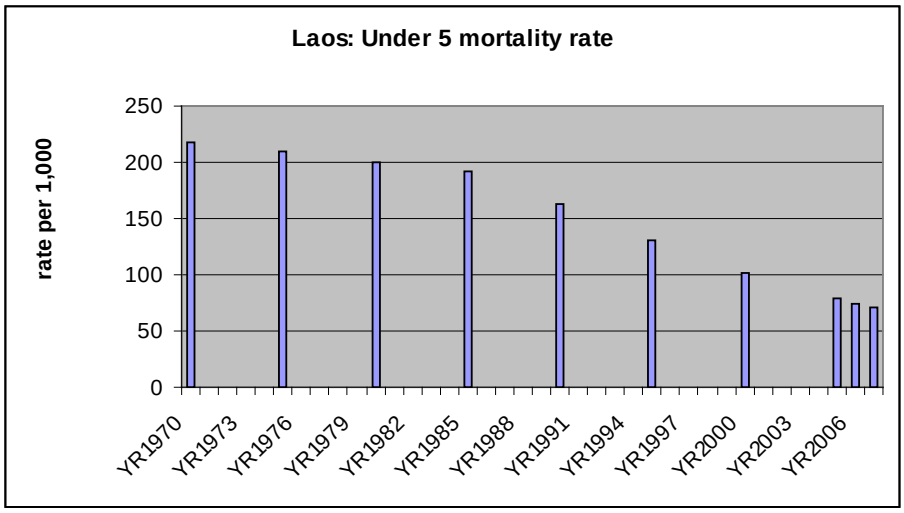

Figure 36

Source: WDI

Kazakhstan

Kazakhstan represents a medium HDI failure case according to our measure of progress. Having declared its independence from a disintegrating Soviet Union in 1991, its Communist heritage can still be seen in its good distribution and high education levels. Secondary education has been compulsory since 1995. Over the period as a whole, Kazakhstan experienced a moderate social expenditure ratio (at 5%) but a very good female/male educational enrollment ratio (at 1.1). However, it is clear that the shock of the transition from being a part of the Soviet empire to independence caused severe distortions and trade disequilibria, with traded goods declining and non-traded goods on the rise (Olcott 2002). At the time of independence Kazakhstan was the state most dependent on Russia, with Kazakhstan's industries fully integrated with those of the Soviet Union. Supply chains ran north to south between Russia and Kazakhstan. The sudden shock of economic separation consequently led to a severe set-back in economic growth (Figure 37) which, in turn, culminated in a worsening in service coverage (Figure 38), and a negative impact on the country's human development performance, including, for example, slightly falling life expectancy levels and a slowdown in the prior improvement in child mortality (Figure 39). Hyperinflation occurred after government price controls were removed, and real wages, pensions and savings all fell substantially. Real wages fell substantially in the post-transition decade. Income distribution worsened, with the Gini moving from 0.36 in 1988 to 0.4 in 2007, while the share of education expenditure in GDP fell.

No doubt also contributing to Kazakhstan's growth rate decline was the post independence exodus of substantial talented minority populations forced to settle in the region during the World War II Stalin era and now subject to policies promoting Kazakh heritage.

Kazakhstan's population, already relatively sparse, actually fell between 1989 and 2002. Consequently, a combination of poor per capita income growth and a decline in social expenditure ratios, as well as a deterioration in income distribution succeeded in negating its relatively high per capita income levels, not to speak of its prodigious natural resource bonanza in oil and natural gas which has led to exceedingly high investment and export ratios. The country is the recipient of the highest per capita foreign direct investment flows of all the former Soviet states. All this led to its present, although almost certainly temporary, adverse placement as a failure case. Growth recovered from around 2000, as did service provision, which is likely to lead to progress in HD.

With respect to the "beyond the HDI" dimensions, Kazakhstan, basically a post-Communist dictatorship, does not perform well on political rights or on security. Despite initial flirtation with democratization Kazakhstan has become increasingly authoritarian (Cummings 2005). None of the elections since independence have been judged free or fair by international observers. Mr. Nazarbaev won re-election as president in December 2005 and secured amendments to the constitution virtually guaranteeing him the presidency for life. Corruption levels are high, including the police and judiciary. Kazakhstan is *de jure* a unitary state but, in response to its pronounced ethnic diversity Kazakhs form 53% of the population, Russians 30%), in practice there is a good deal of decentralization.

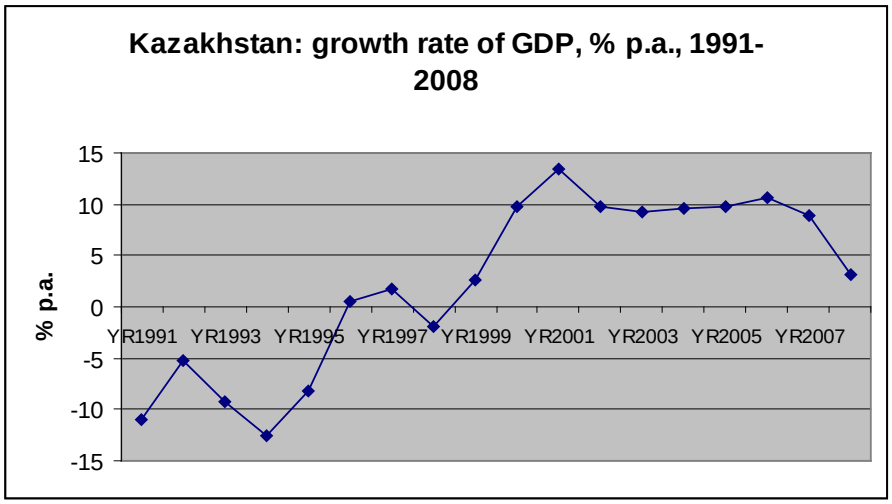

Figure 30

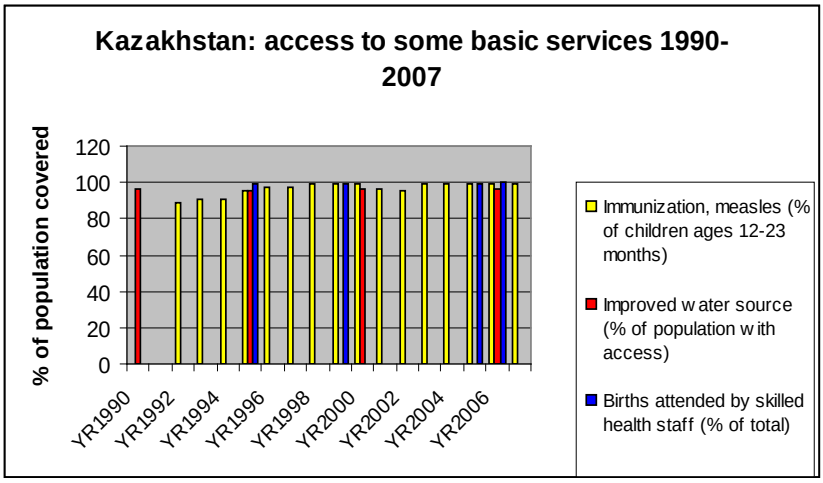

Figure 31

Source: WDI

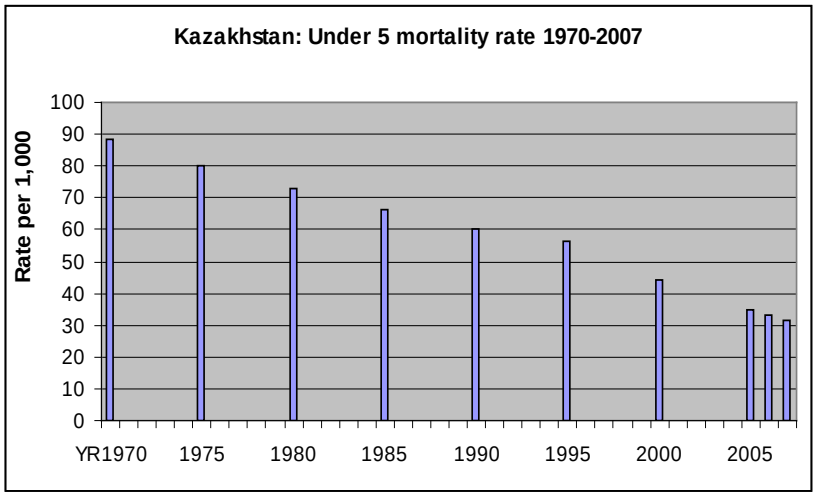

Figure 32

Source: WDI

Summary and Conclusions

The aim of this paper was to ascertain whether we could observe systematic patterns of policy related to success and failure on the HDI; and how far success or failure on HDI was related to other, broader dimensions of HD.

We identified the three countries which had performed best over time, 1970-2007, within the three 1990 HDI categories (high, medium and low), adopting both HDI shortfall reduction and HDI growth methods – which in fact identified the same set of countries. This approach helps to allow for differing initial conditions, and, in our view, provides a much better measure of success or failure than comparing the entire set of countries, given the different

starting points of countries. The resulting list of countries is obviously and purposely different from an undifferentiated list of best performers among all developing countries.

Having identified the countries, we then explored how far in the best and the worst countries there was an association of success and failure on HDI with a number of variables (six in number) associated in the literature with human development outcomes. Our main conclusion is that there are no unique patterns leading to success or failure but that there are alternative paths to either a positive or negative outcome.

Characteristics and typologies of good progress over time

Certain characteristics were common to all success cases: these were good or moderate educational enrolment ratios; good or moderate female/male enrolment ratios; and good or moderate HPI.

Emerging typologies of successful progress in HDI:

The three inputs into success appear to be growth, social expenditure ratios and income distribution. The successful countries showed different combinations of performance on these.

1. Countries with high HDI and high per capita income can achieve success despite poor (and even worsening) income distribution if they have good or moderate social expenditure and good education indicators. Examples are Mexico, Chile and Panama.

2. Medium and low HDI countries can overcome their adverse conditions via improvements in social expenditure, education indicators and income distribution, even with moderate or poor growth, like Nepal or Bangladesh.

3. Another case is to succeed, like Tunisia, through high social expenditure ratios, combined with good growth, but with only moderate, though improving, distributional equity.

4. Finally, a combination of high growth and good distribution, like Indonesia and Laos, can help low-income countries to success, even without high social expenditure ratios.

Characteristics and typologies of cases of weak progress over time:

Certain characteristics were common to all weak cases: these were poor or moderate economic growth; and, surprisingly, exceptional or moderate female/male enrolment ratios; likewise, against expectations, all the weak cases had good or moderate HPI.

Emerging typologies of weak progress in HDI:

1. Low income countries with weak growth, poor distribution and high poverty (Zambia, Congo Dem and CAR – although data on income distribution are lacking).

2. Transition countries where economic, institutional and demographic disruptions led to weak progress despite high incomes, good distribution and good or moderate enrolment rates (Ukraine, Moldova, Uzbekistan and Kazakhstan).

With respect to changes over time, it seems clear that moderate, but not spectacular, income growth is essential for success in each category of countries. It also appears that moderate social expenditure ratios and good female/male enrolment ratios are usually necessary to generate success, but not sufficient as they were also found among some poor performers. Having good income distribution seems to be especially important for low and middle income countries. Countries with high incomes per head can achieve success despite poor distribution if they have good or moderate social expenditure ratios and education variables; among low income countries a good distribution of income seems to be important for success in some countries, even if they have only moderate growth and moderate or even low social expenditure ratios.

As for the typology of failure, poor growth over a period as long as 35 years can overcome most other more favourable conditions and lead to failure. This endorses the view (Ranis, Stewart, Ramirez, 2000) that sustained success on HD requires success on the economic side to support growth in HD expenditures, as well as specific policies designed to promote HD. At least moderate economic growth seems necessary, although not sufficient, for long-term success. However, countries with good growth are not necessarily especially good HD performers. In our small sample, for example, Trinidad and Tobago had the highest growth and yet was a poor performer. Sustained failure on either growth or distribution is likely to drag the HDI down.

The one condition that appeared to be both necessary and sufficient for success over time was a moderate level of growth in per capita incomes, with good performers having good growth relative to poor performers. Apart from that it seemed that different combinations of variables led to success. And necessary, but not sufficient, shared by all good performers, but also many poor ones, appeared to be a good female to male primary enrolment ratio.

Beyond the HDI

We subsequently turned to country performance with respect to important dimensions of human development beyond the HDI, including indicators of political rights, gender empowerment, equality, security (individual and collective) and the environment, looking both at average levels of achievement and, where data allowed, changes.

We found no systematic patterns of performance. However, the following types of performance emerge:

1. Good or average achievements on all dimensions except for inequality (Chile); political rights (Tunisia); and collective violence (Indonesia).

2. Good or average achievements on all dimensions except for income inequality and homicides (Mexico and Panama).

3. The low HDI poor performers show negatives on most aspects for which there are data, being consistently negative on communal conflict (and its change over time), and mostly negative on political rights.

The evidence indicates that good performance on HDI does not necessarily imply good performance on other dimensions of human development. No relationship was found between progress on HDI and levels or changes in political rights. Nor could anything systematic be found in terms of a relationship between good and bad performance on levels and changes in homicides, collective conflict, the environment or inequality. For example, the extremes of high homicide rates are represented by Mexico, a good performing country in the high HDI category, and Kazakhstan, a weak performer also in the high HDI category, both showing a high level and large increase in homicide rates. In summary, this suggests that countries can neglect or emphasise some aspects of HD without affecting progress on other aspects. But increasing levels of violent conflict are particularly harmful to progress.

Finally, we presented a few vignettes enriching the story of some of the successful and unsuccessful countries to indicate the value of a historical and political economy context to accompany the quantitative assessments mainly focused on in the paper. These indicate that there are alternative political and institutional patterns which play a role – for example, a strong civil society played an important role in Bangladesh, while prioritizing HD promoting expenditures within the social sectors was a feature of Chile's and Indonesia's success. However, there seem to be more shared characteristics in the nature of economic development– in particular, sustained economic growth at a reasonable rate, supported by a diversification of the economy as shown in Chile, Indonesia, Laos and Bangladesh.

Failure too has several parents; economic stagnation is one, though the causes of this vary, including terms of trade shocks, and poor adjustment policies as well as general economic mismanagement (Zambia), and the transition from a socialist economy (in the case of Kazakhstan). HIV-AIDS has also dealt a devastating blow to many societies.

Analyzing success and failure in HD over a 35 year period is evidently a difficult task. Much depends on the metrics chosen and the move from correlation to proving causation has not been attempted. But by exploring differences between the successful and weak performers on a number of characteristics, paying attention to differing initial conditions, we have come up with some suggestive patterns of success and failure, of relevance to policy makers. At the end, however, as the country vignettes indicate, we recognize that there are always important country-specific political and historical dimensions which defy quantification and yet help determine outcomes.

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