
Do Economic Collapses Matter for Human Development and Governance?

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La Antigua, May 28, 2009

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- Since the beginning of the global downturn questions have been raised regarding the impacts of the crisis in developing countries
 - Little is known about the likely impacts of the crisis on human development and governance indicators



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- The crisis should be less of a concern if:
 - Everybody is **equally** affected by the shock
 - There are **symmetric** impacts during good and bad times
 - What can we learn from previous economic collapses?
 - Is there room for policy intervention? Of what type?

What do I do?

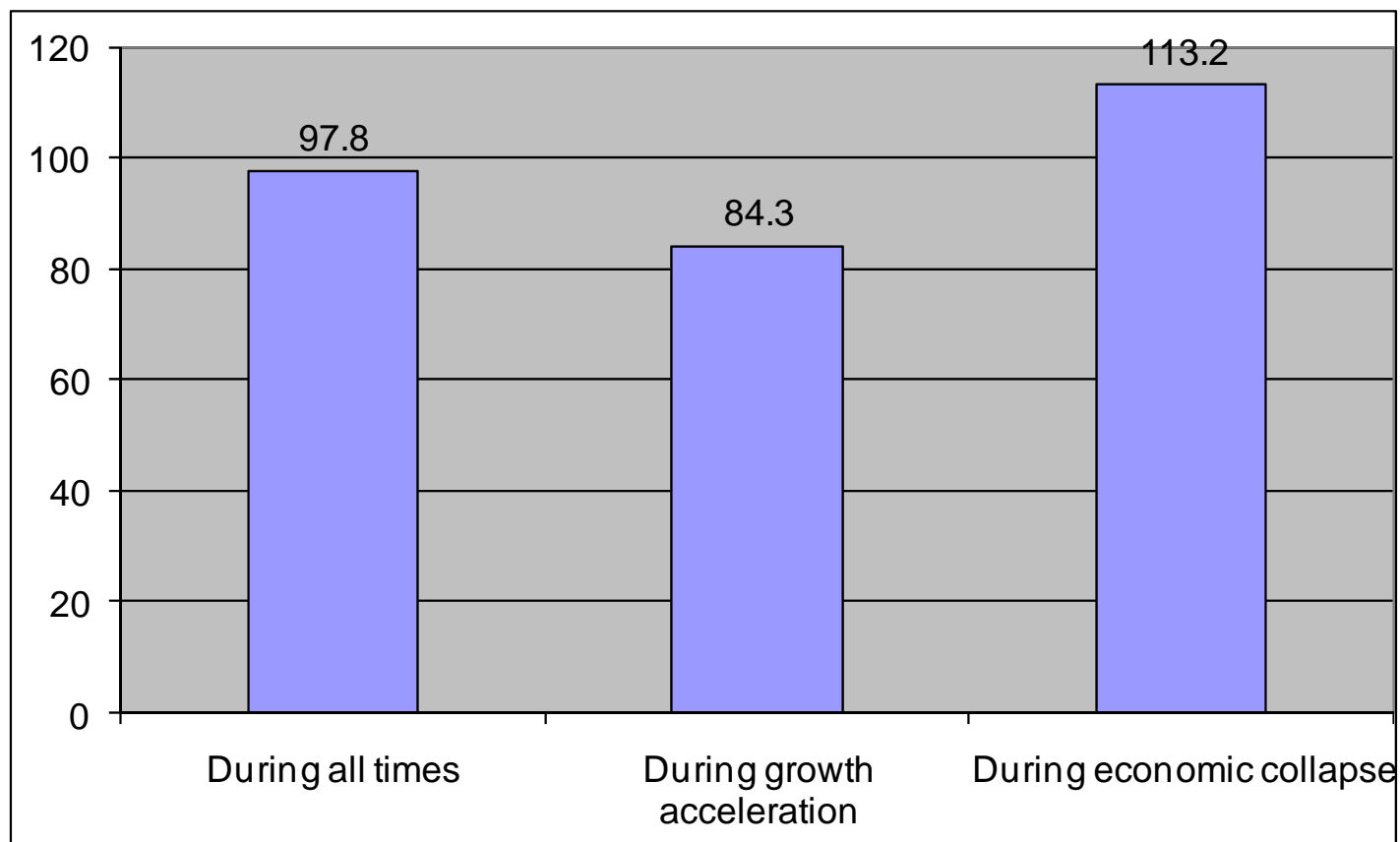
- Present evidence on human development and governance indicators during good and bad times in Africa and worldwide
- Draw some lessons and discuss policy implications



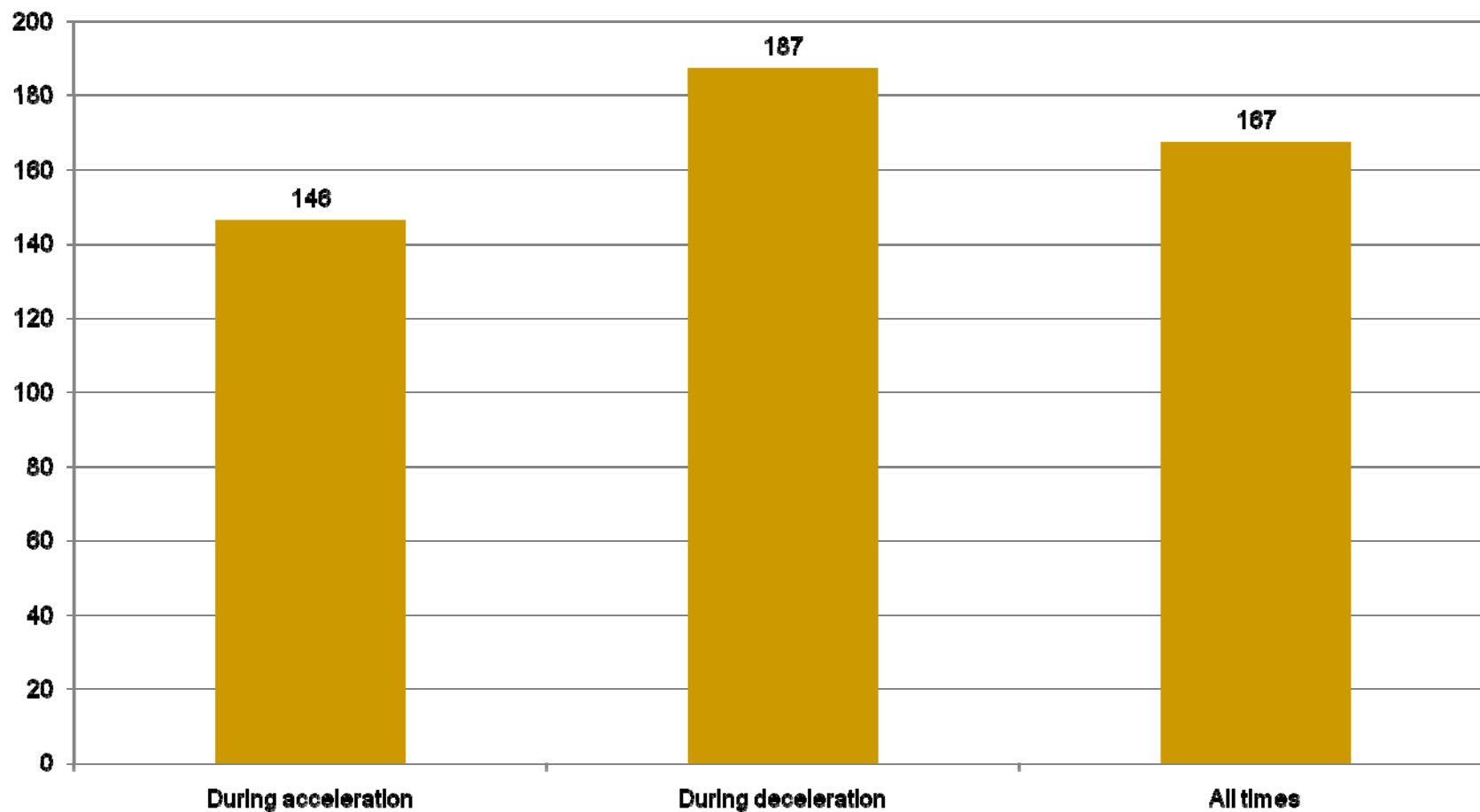
Method and data

- Method: Arbache and Page (2007)
- Source of data: WDI
- 1975-2005
- 44 African countries

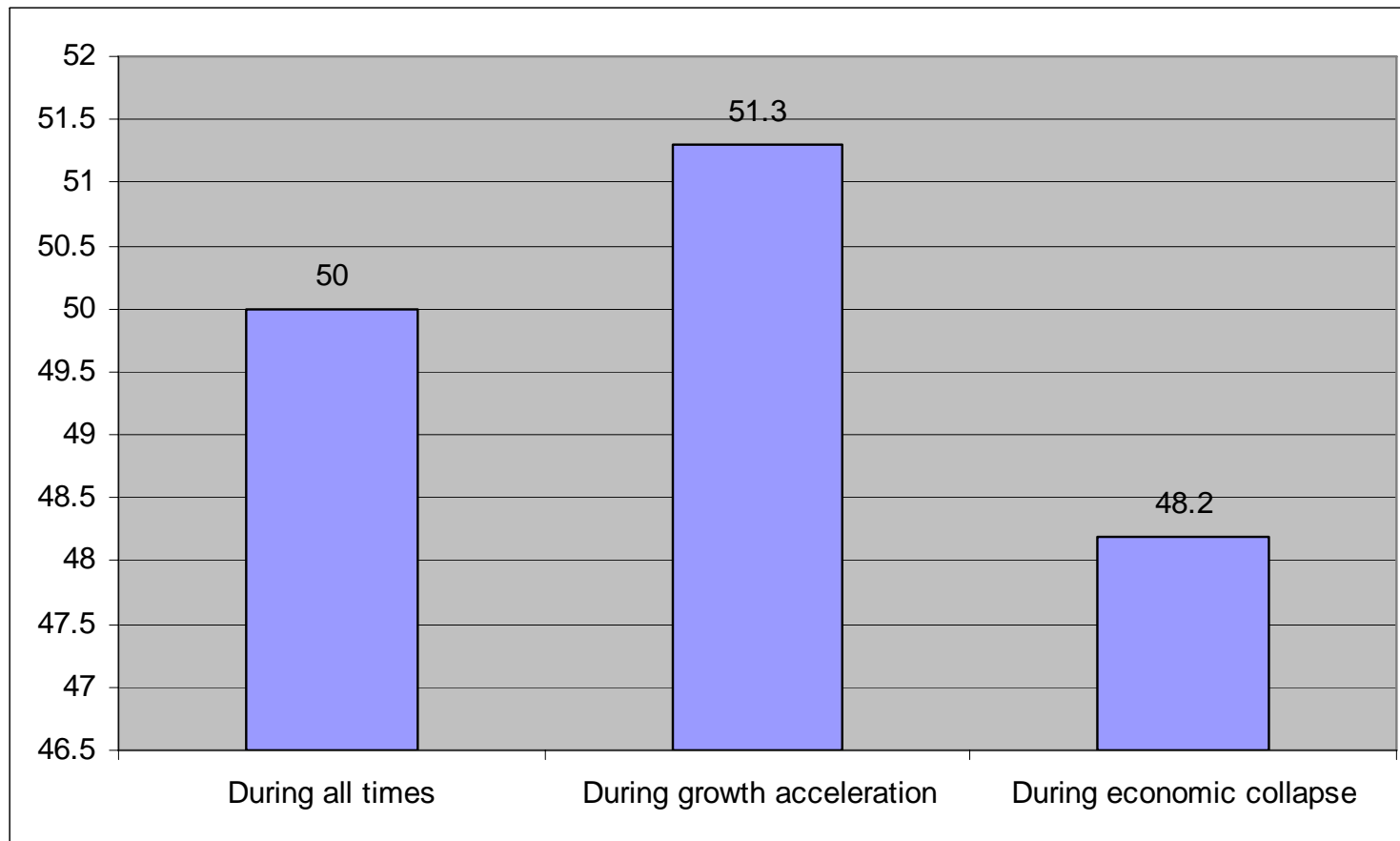
Infant mortality (per 1,000)



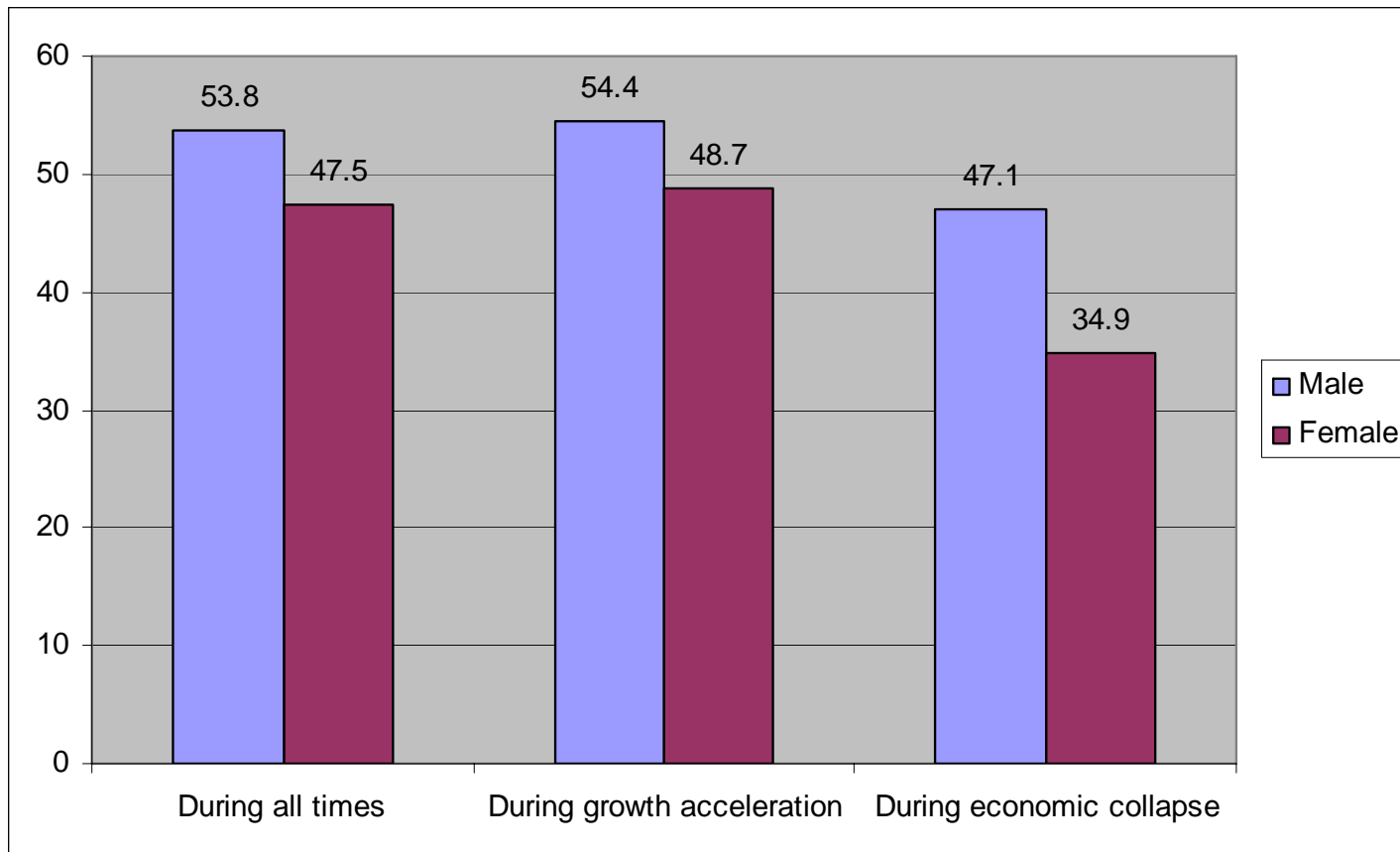
Under 5 mortality (per 1,000)



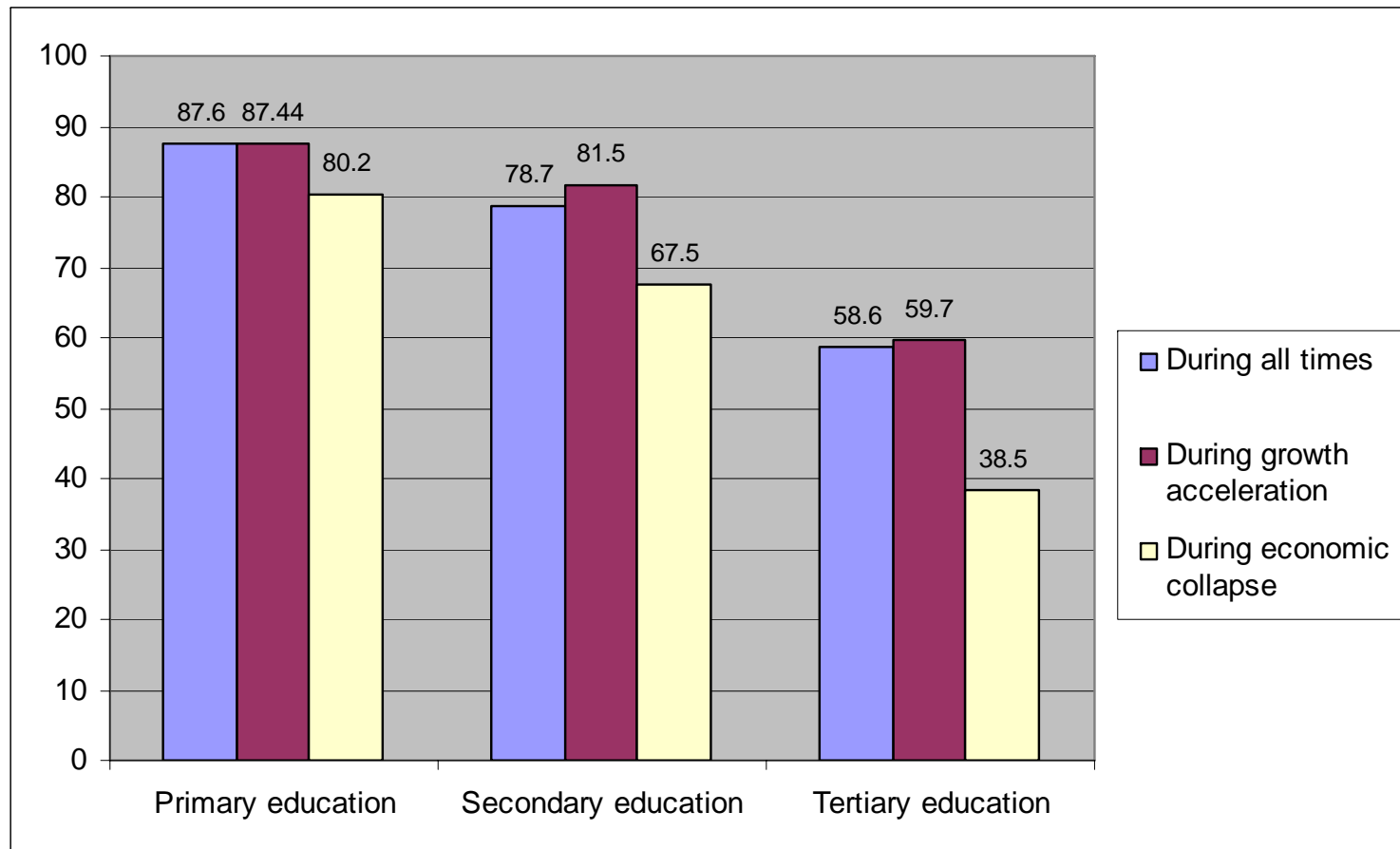
Life expectancy (years)



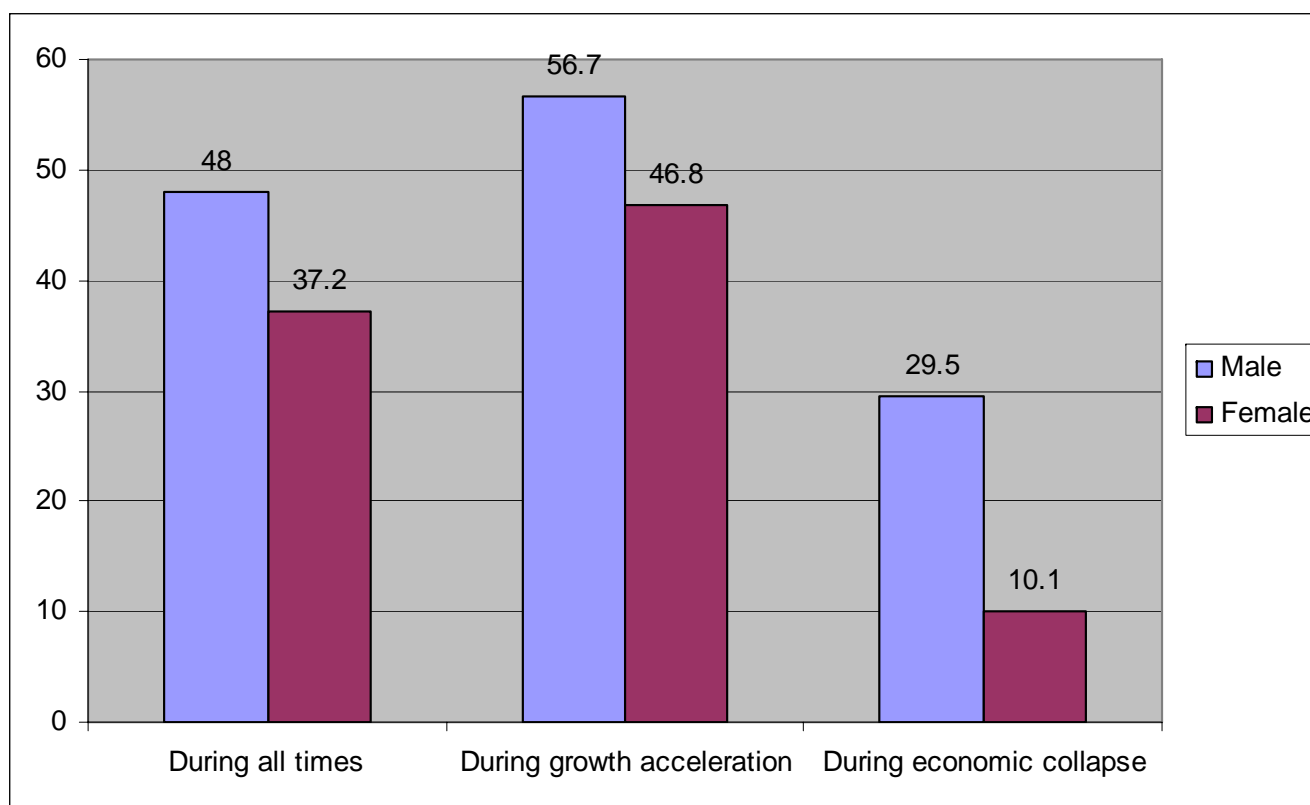
Primary completion rate, total (% of relevant age group)



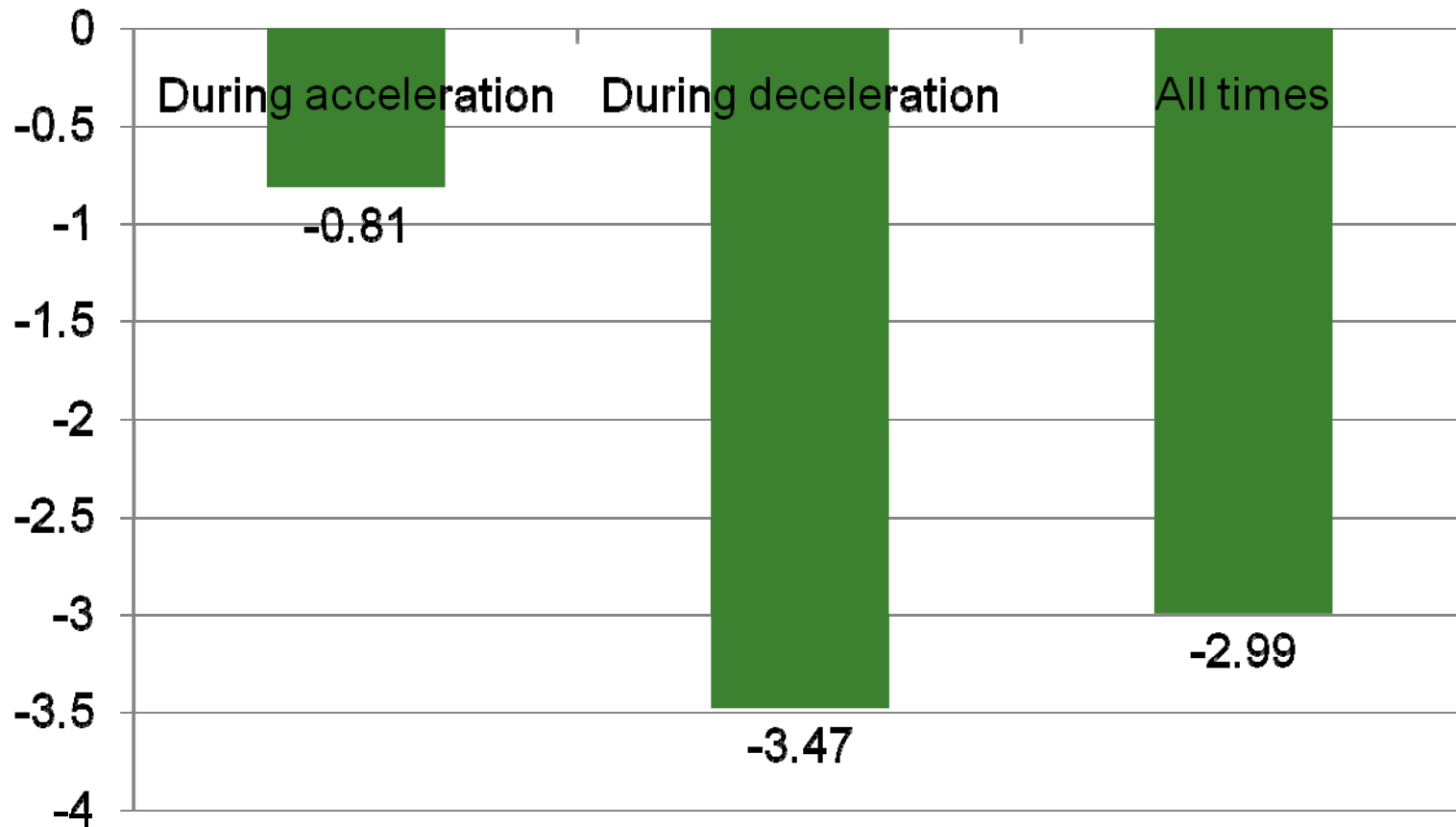
Ratio of female to male enrollments



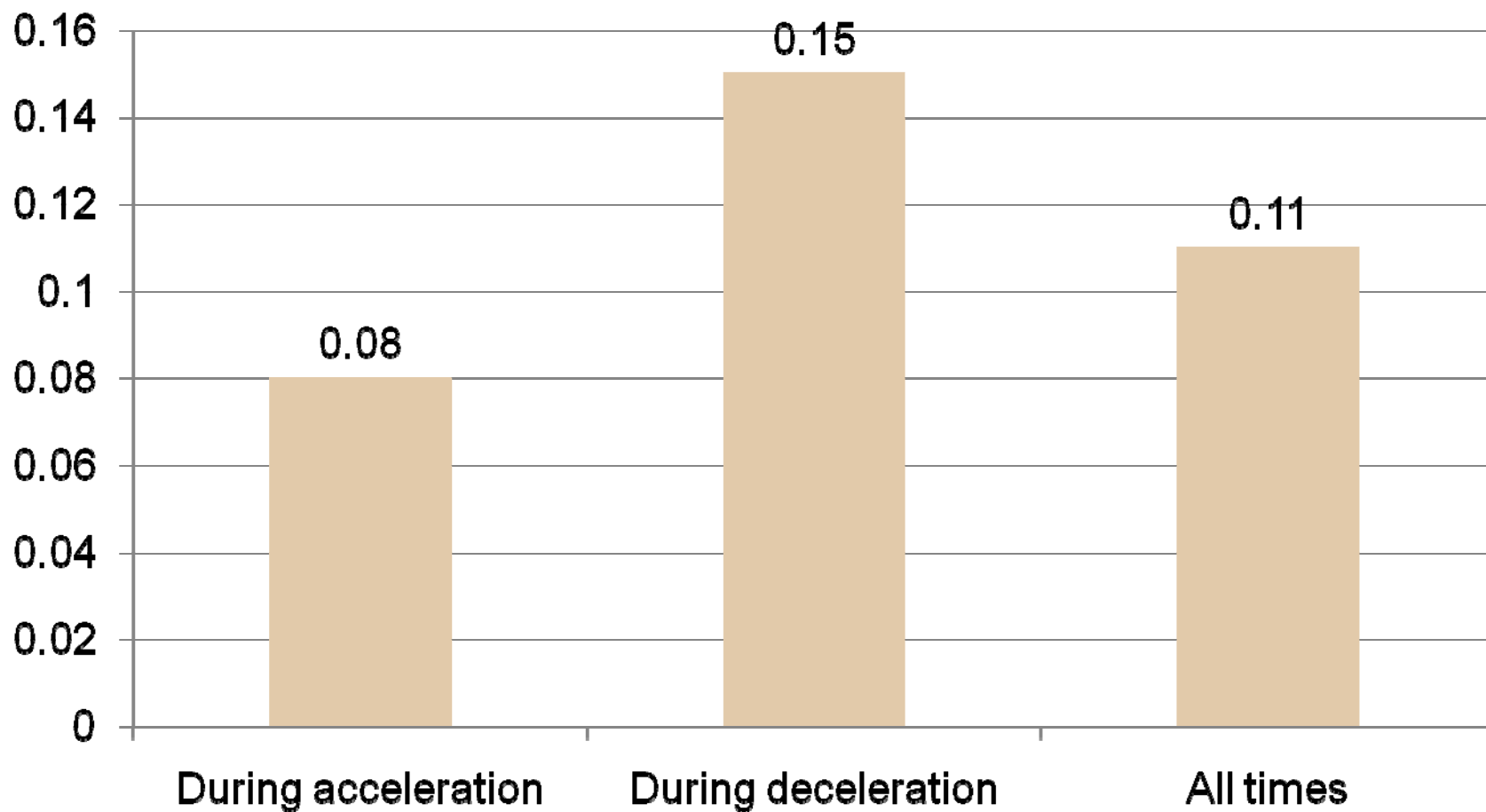
Wage and salaried workers (% of total employed)



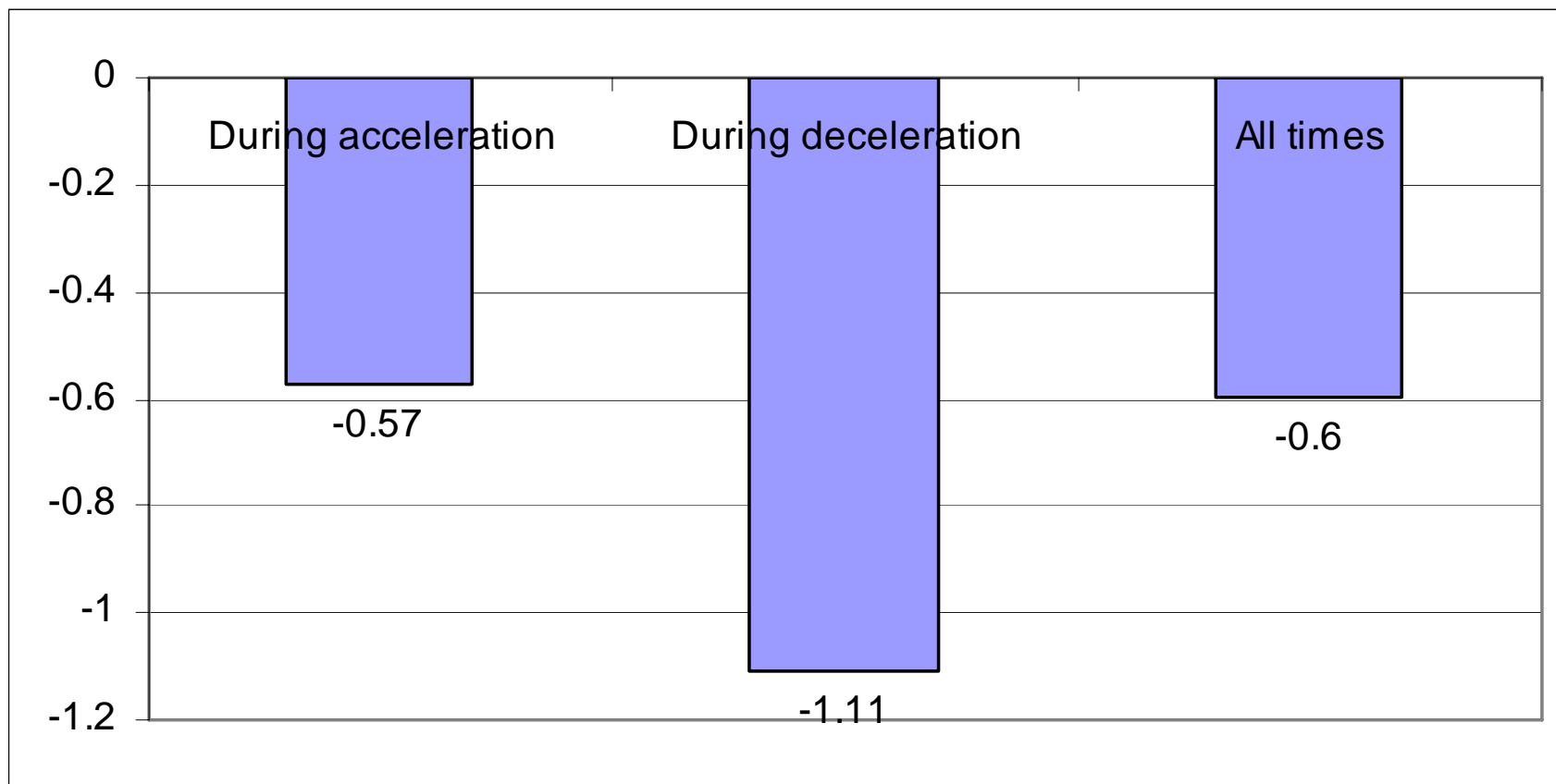
Polity IV Index (-10 strongly autocratic to 10 strongly democratic)



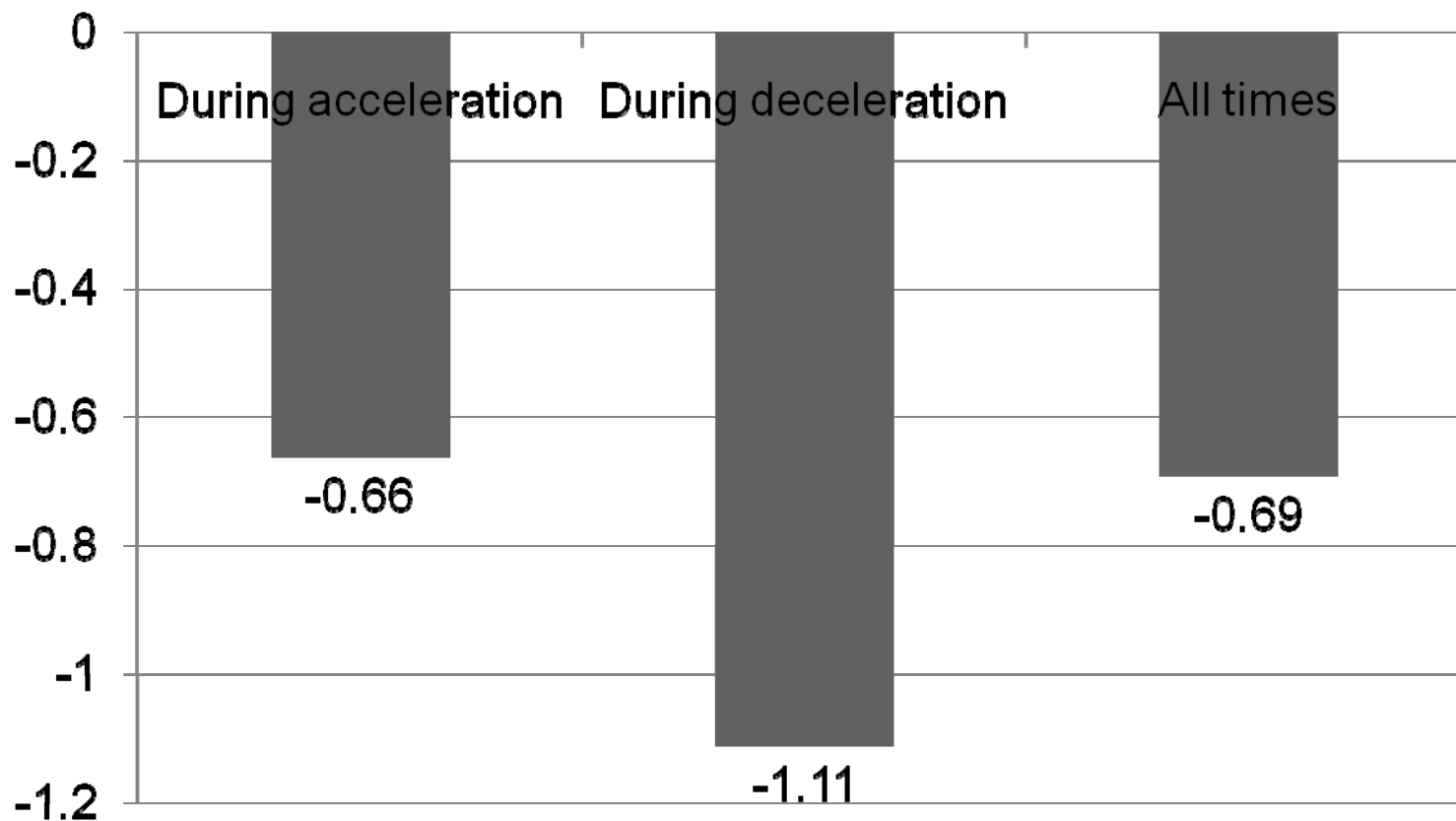
Minor conflicts (frequency)



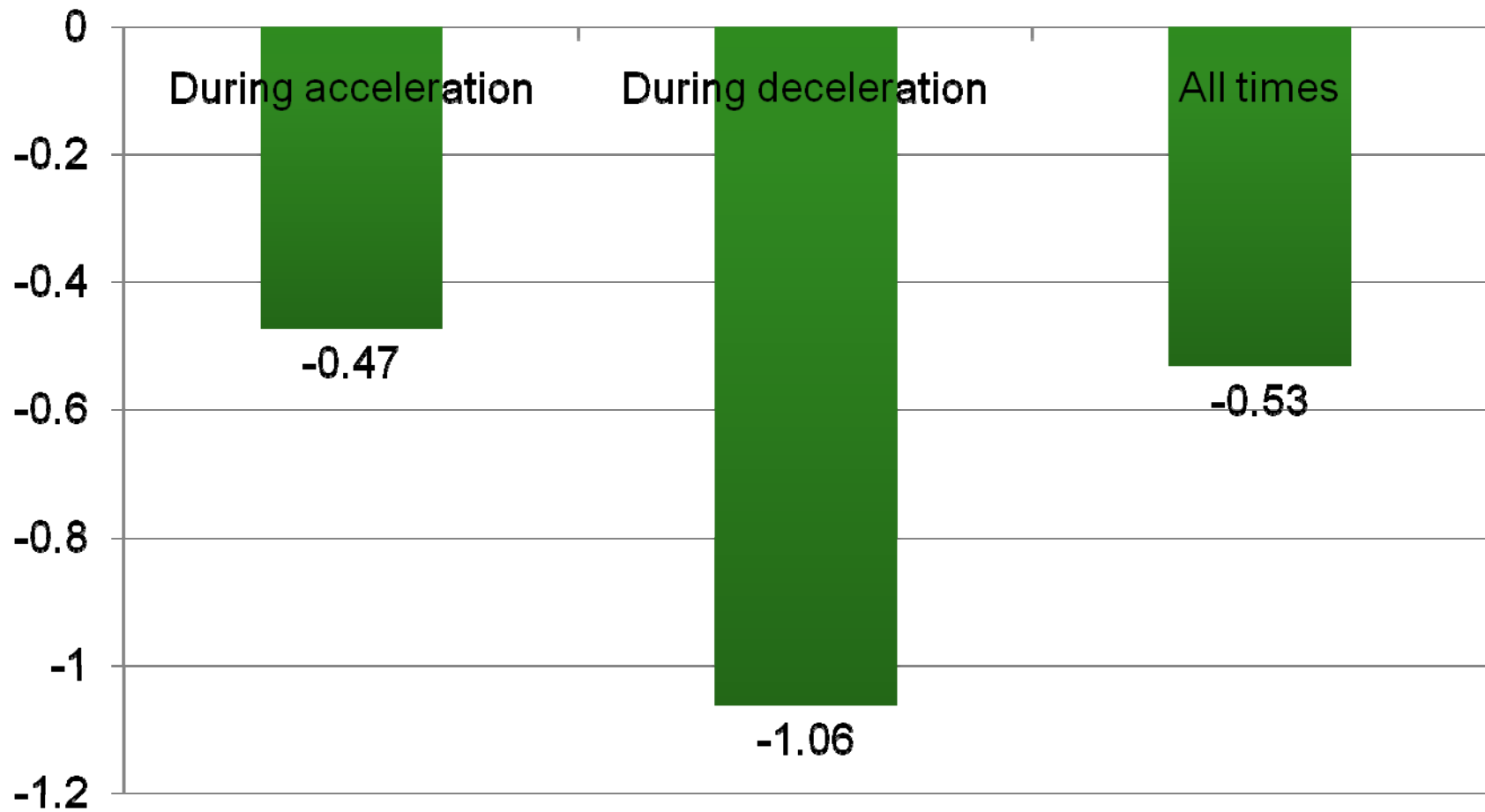
Control of corruption (-2.5 to 2.5)



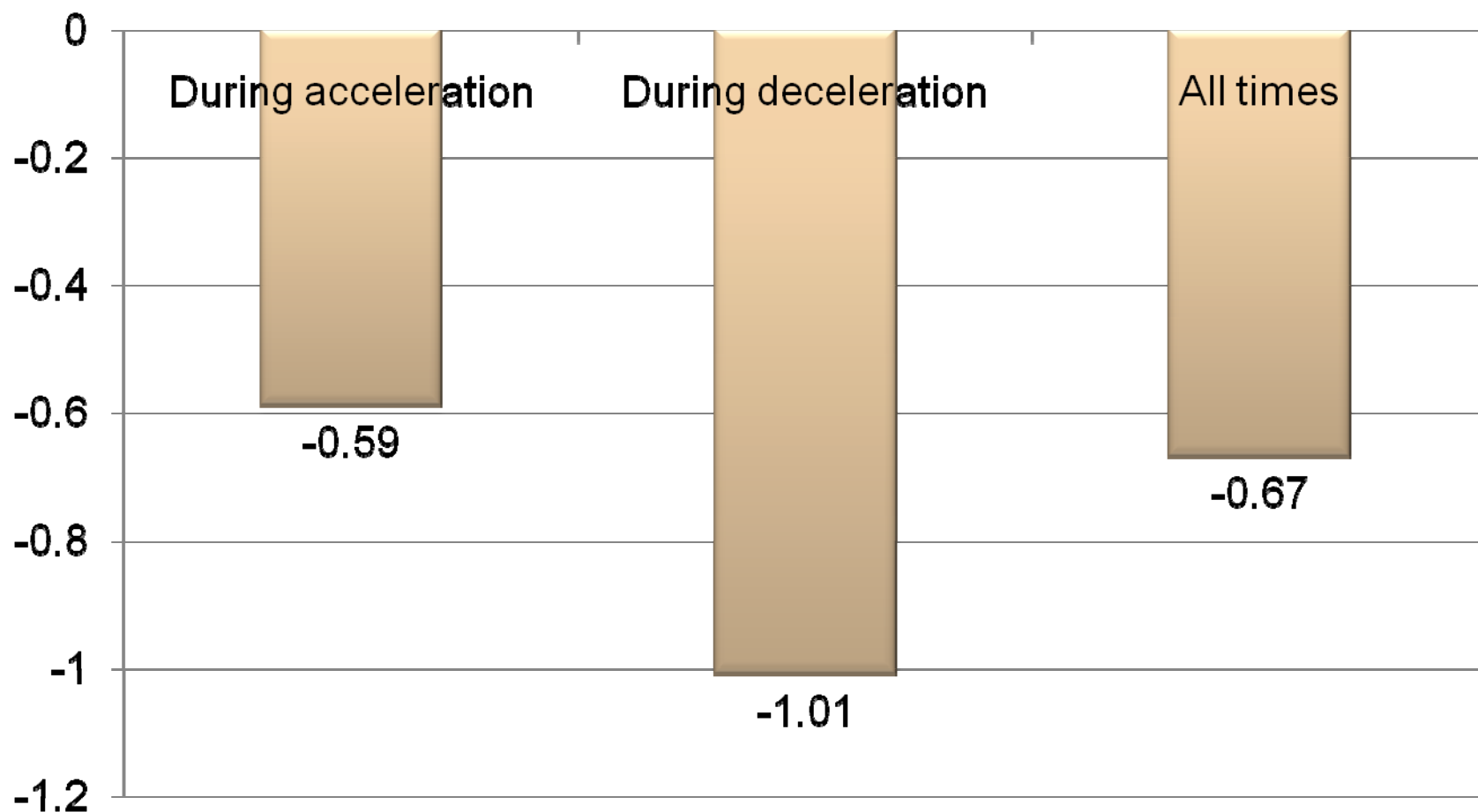
Rule of law (-2.5 to 2.5, low to high)



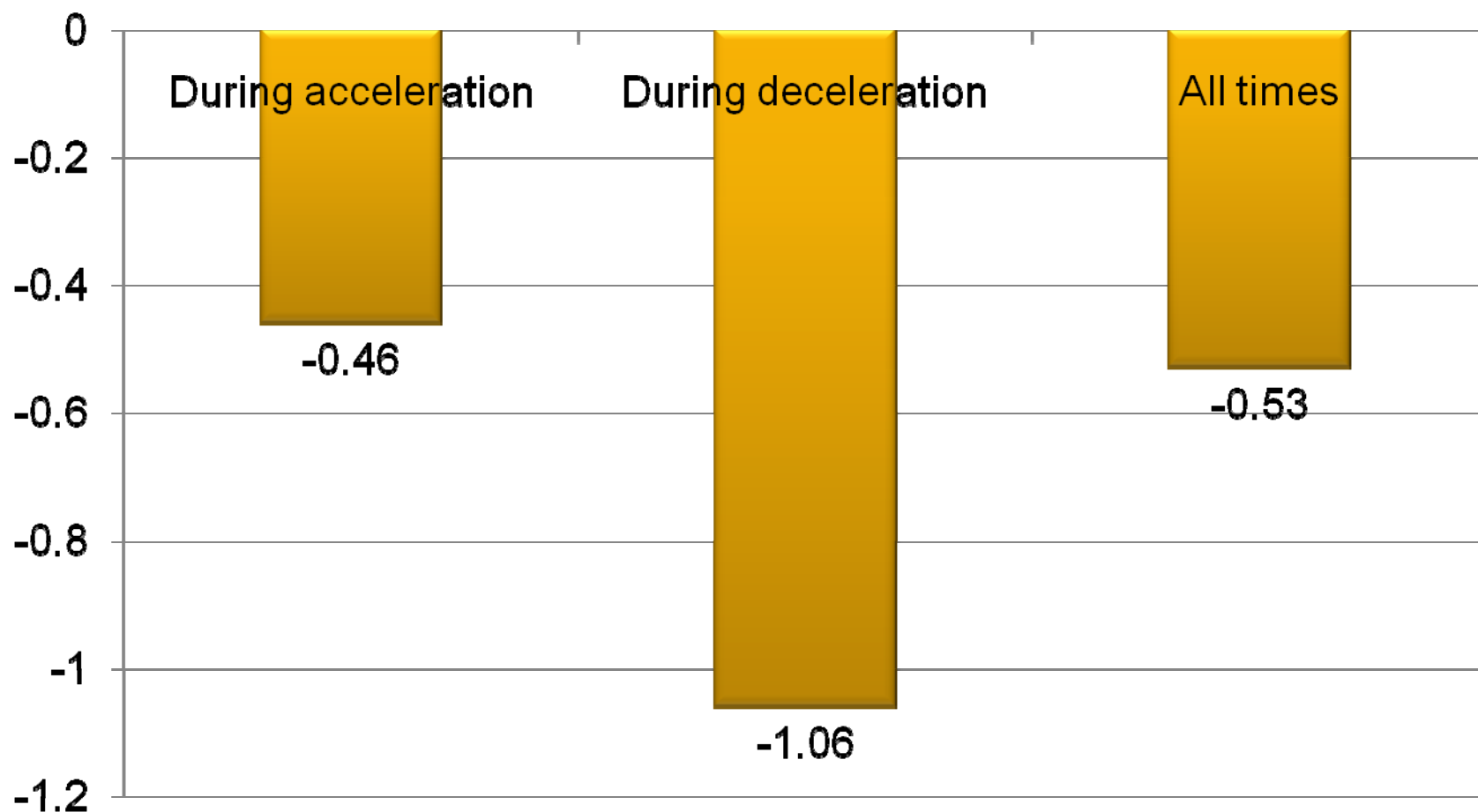
Political stability (-2.5 to 2.5, low to high)



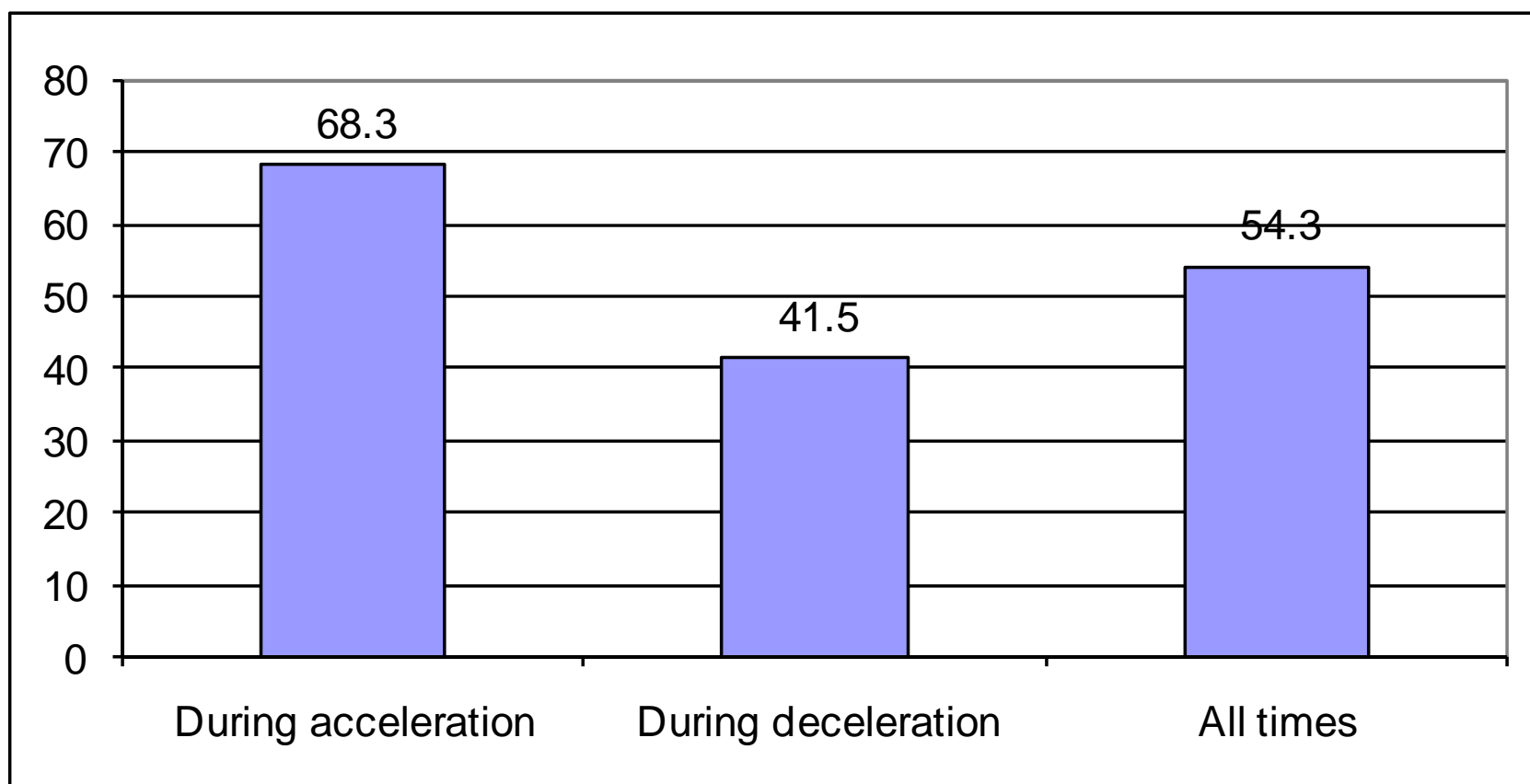
Government effectiveness (-2.5 to 2.5, low to high)



Voice and accountability (-2.5 to 2.5, low to high)



ODA per capita (\$)

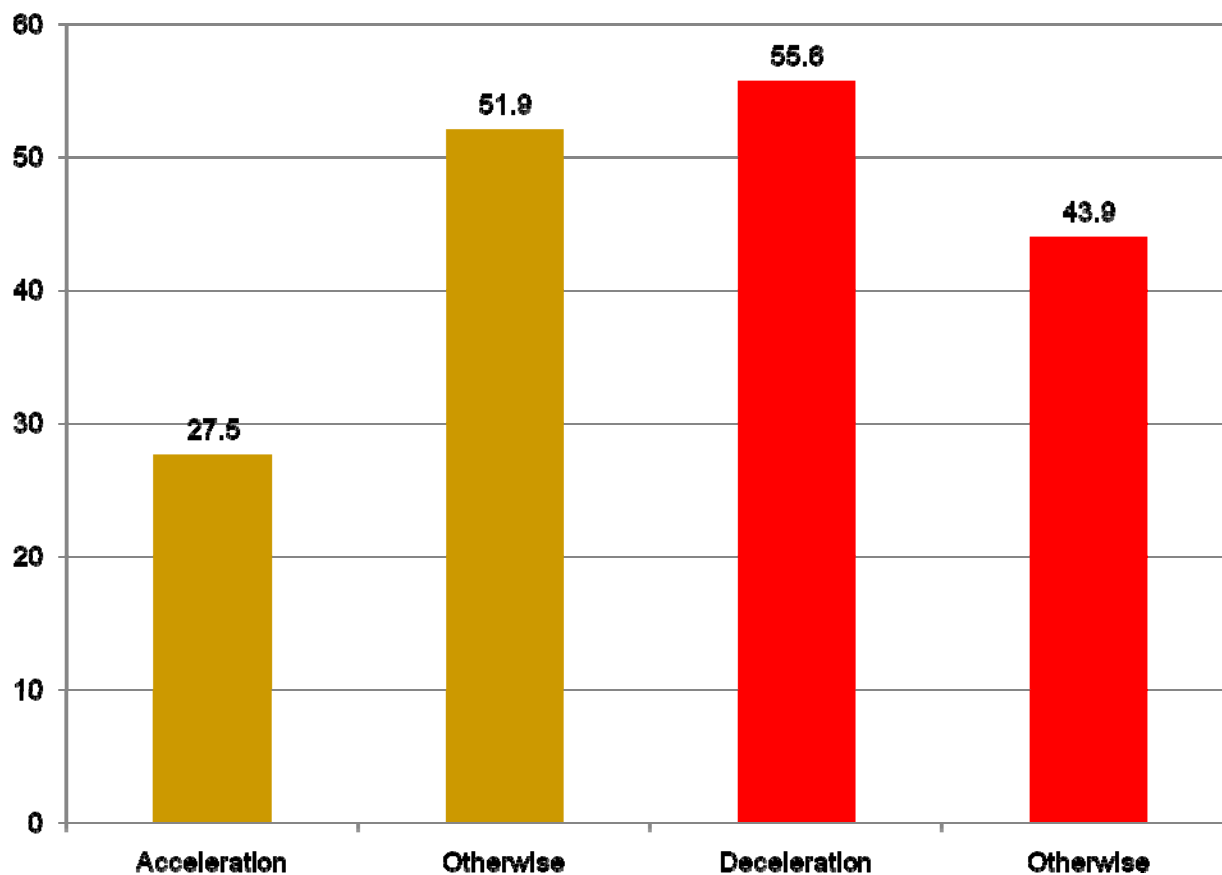


What do we know worldwide?

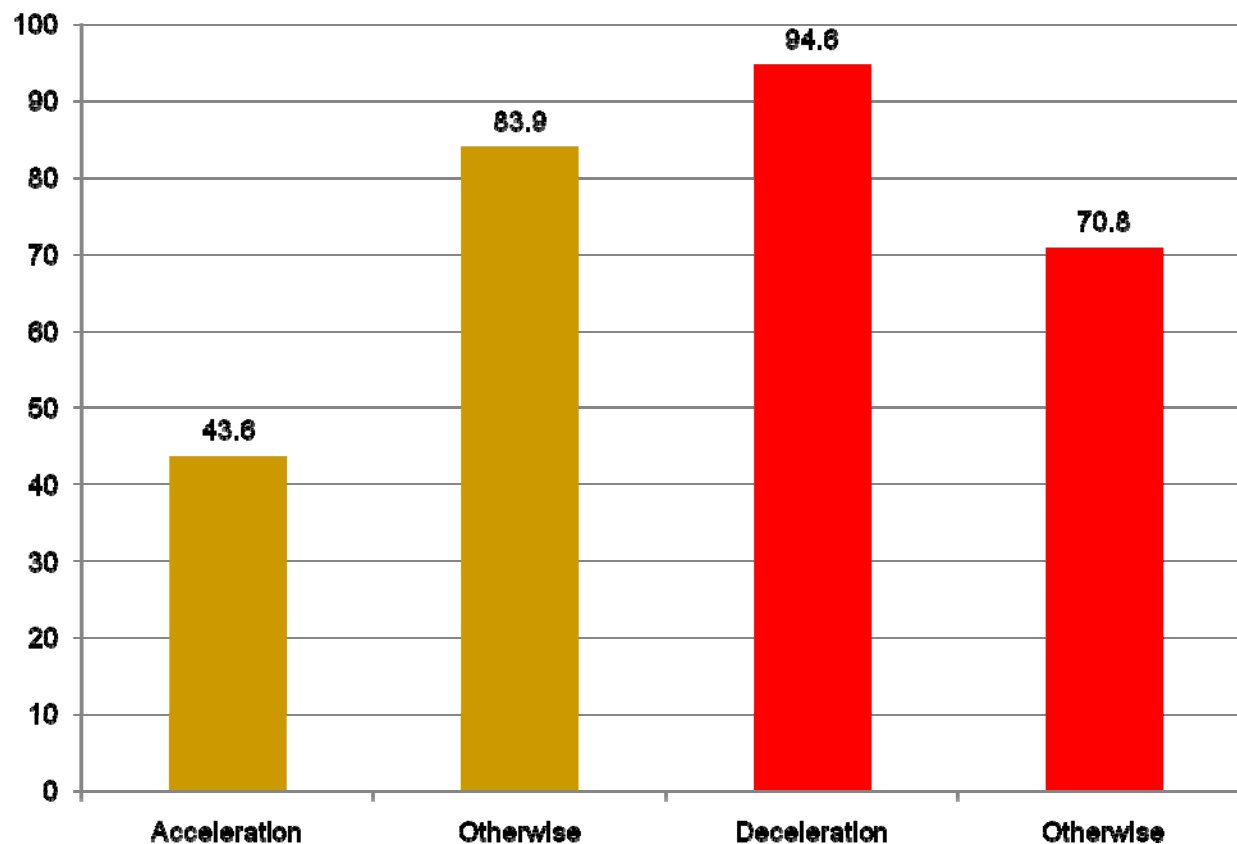
- Method: Arbache and Page (2007) - Conceicao and Kim (2009)
- 198 countries
- 1980-2006
- WDI data



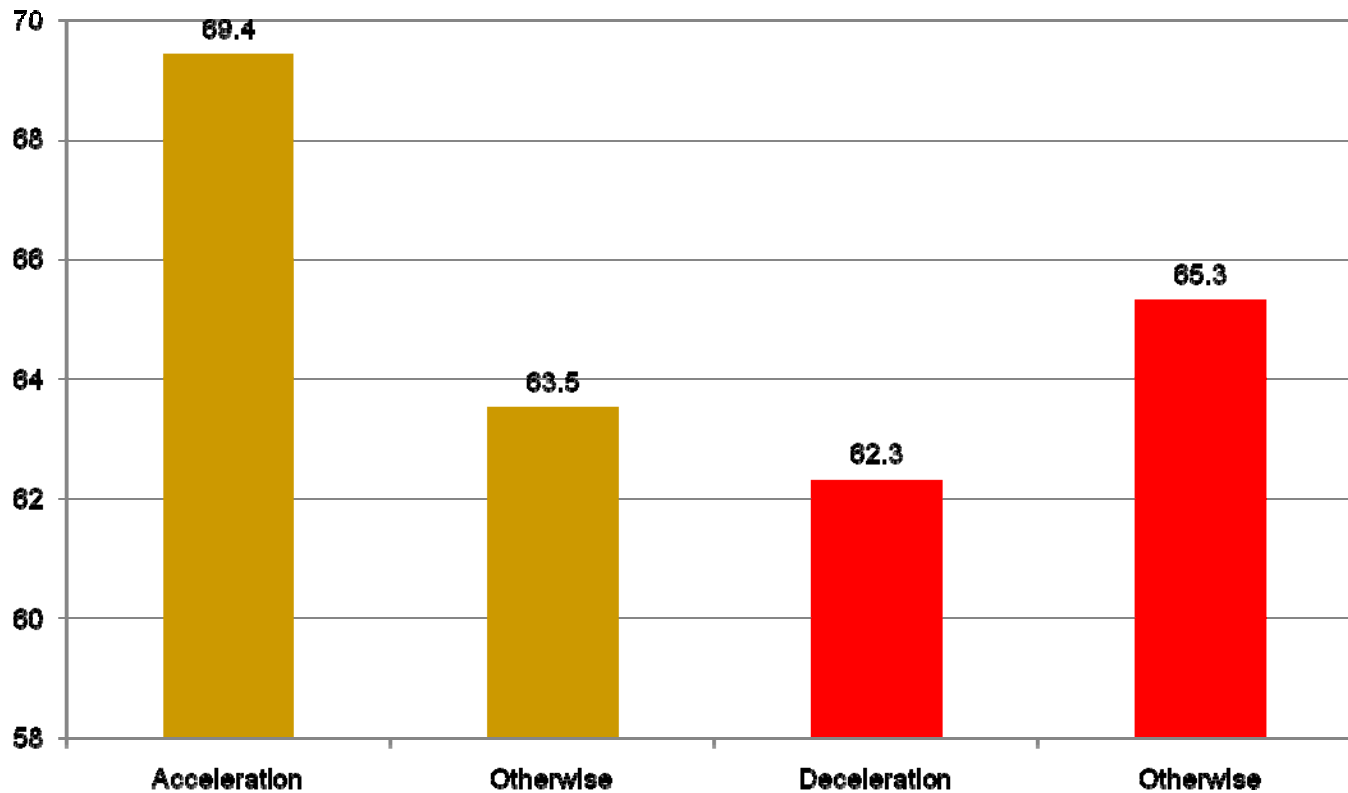
Infant mortality (per 1,000) – all countries



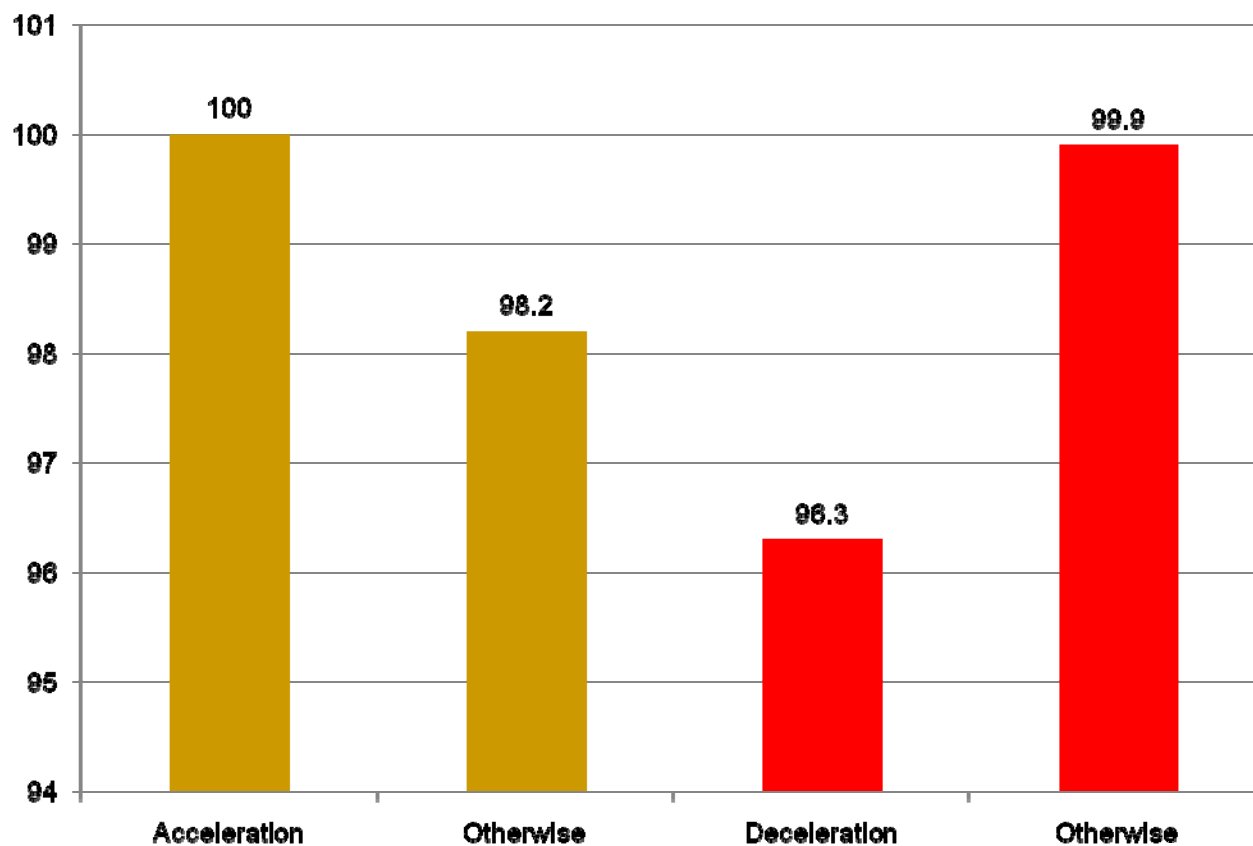
Under five mortality (per 1,000) – all countries



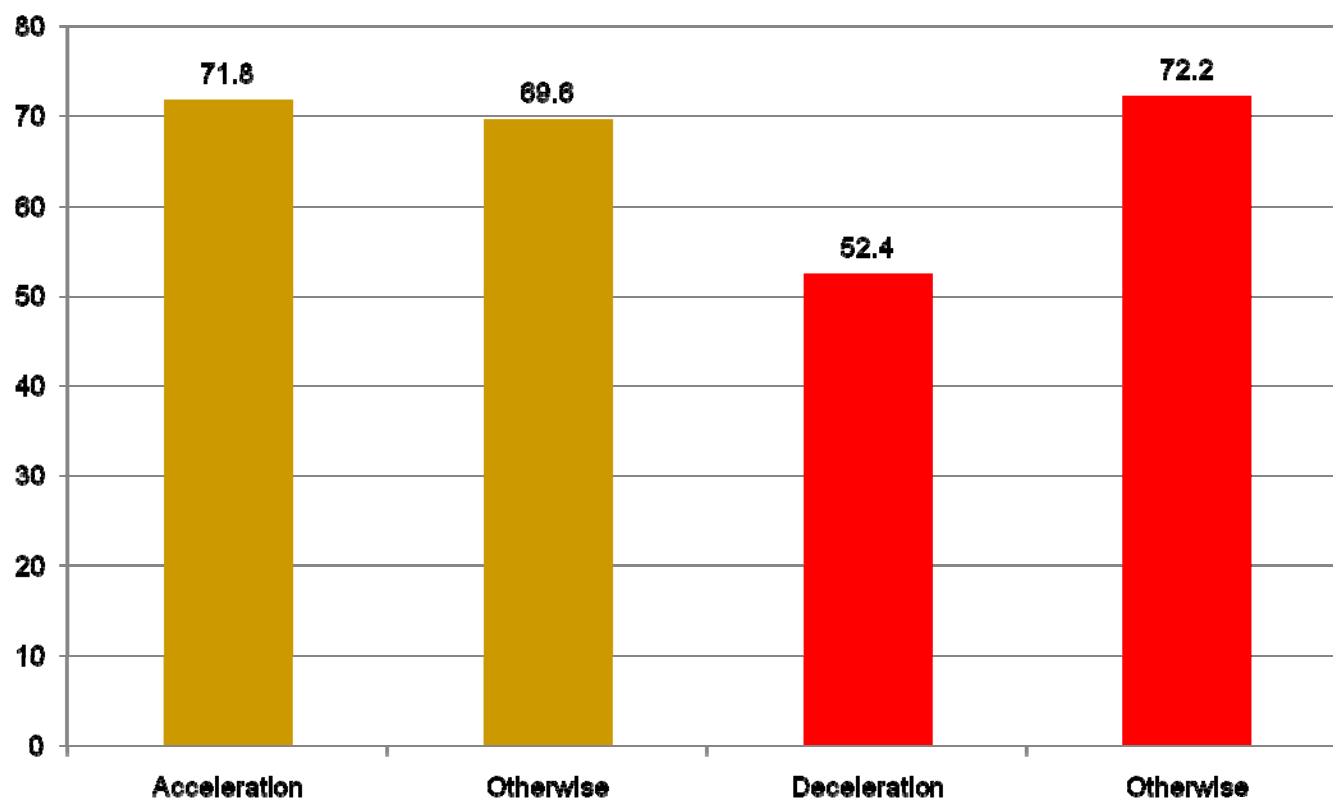
Life expectancy (years) – all countries



Primary school enrollment (net, %)



Secondary school enrollment (net, %)



Discussion (I)

- No evidence that everybody is equally affected by economic collapses
- Evidence of asymmetric impacts during good and bad times
- Economic shocks are not neutral and matter for human development and governance – nonlinearities



Discussion (II)

- Vulnerable groups more exposed to economic collapses
- Economic collapses likely to
 - Affect income and wealth distribution – pre- vs. post-crisis
 - Have political economy implications



Discussion (III)

- There is room for targeted interventions, especially those that protect vulnerable groups and past gains in human development and governance
- Preventing economic collapse is perhaps the single most important policy to protect the vulnerable and improve governance





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