



# Economic Development of Southeast Asia

NATURAL RESOURCES AND THE RESOURCE CURSE

# Precursor to Human Development: Gunnar Myrdal and Cumulative Causation

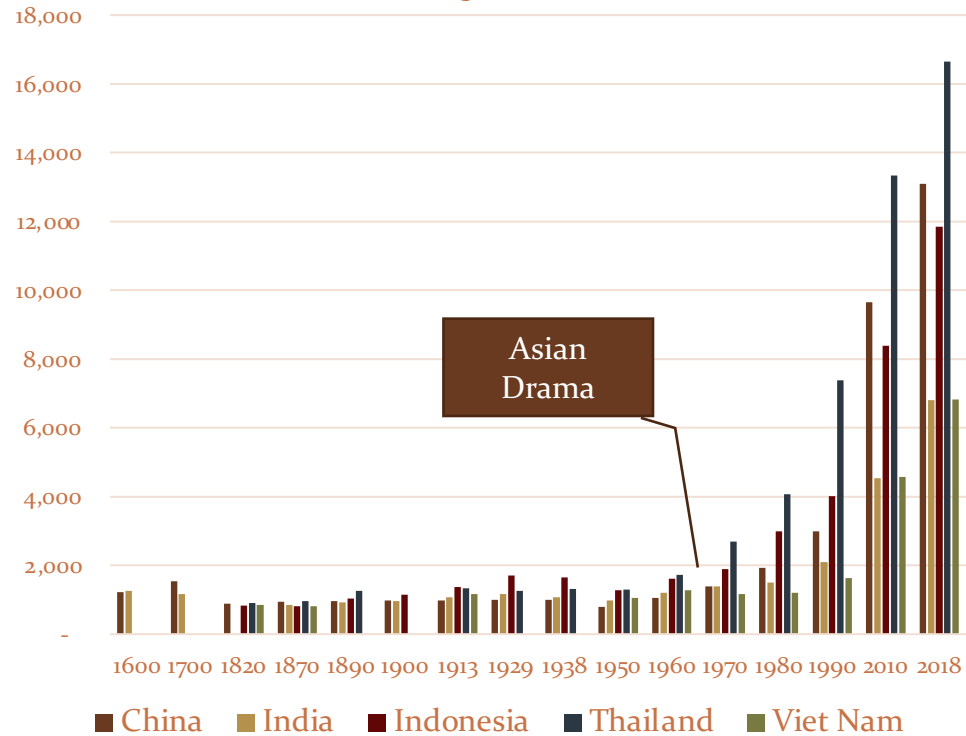


Gunnar Myrdal

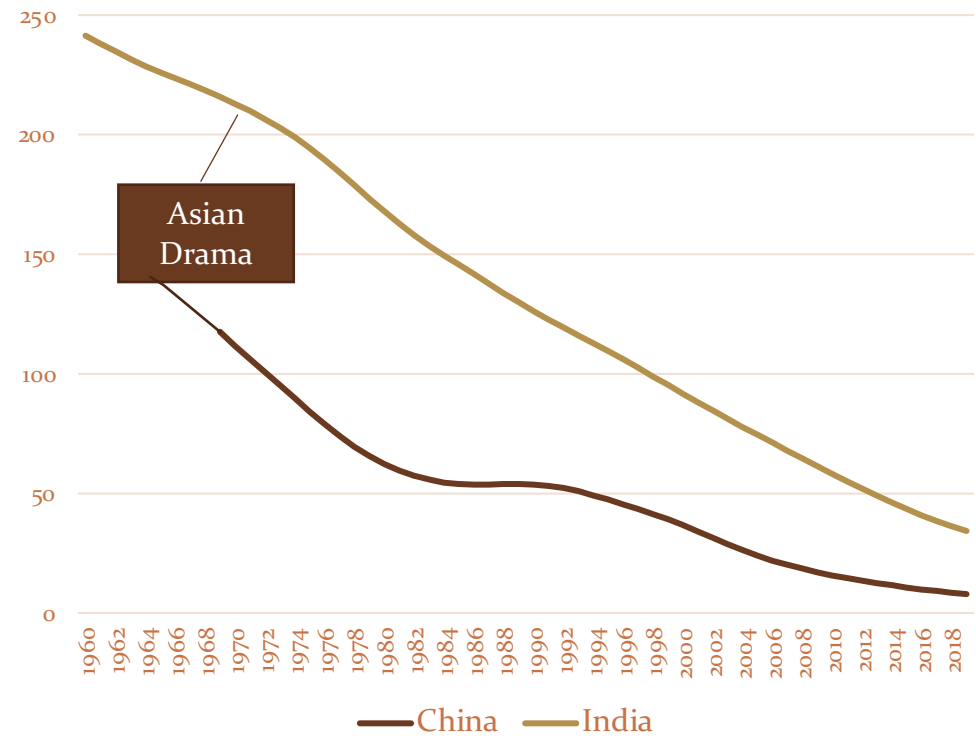
- *Asian Drama: An Inquiry into the Poverty of Nations* (1968), 2,500 pages, 3 volumes on the mutual reinforcing challenges of South and Southeast Asia
- Low productivity, low capital per worker, low levels of education, poor health and states captured by elites.
- Argued that social and institutional factors were critical to development.

# Post-war Asia: Independence, rapid growth, improvements to human health

GDP pre capita (2011 USD, PPP)  
Source: Groeningen Growth Center

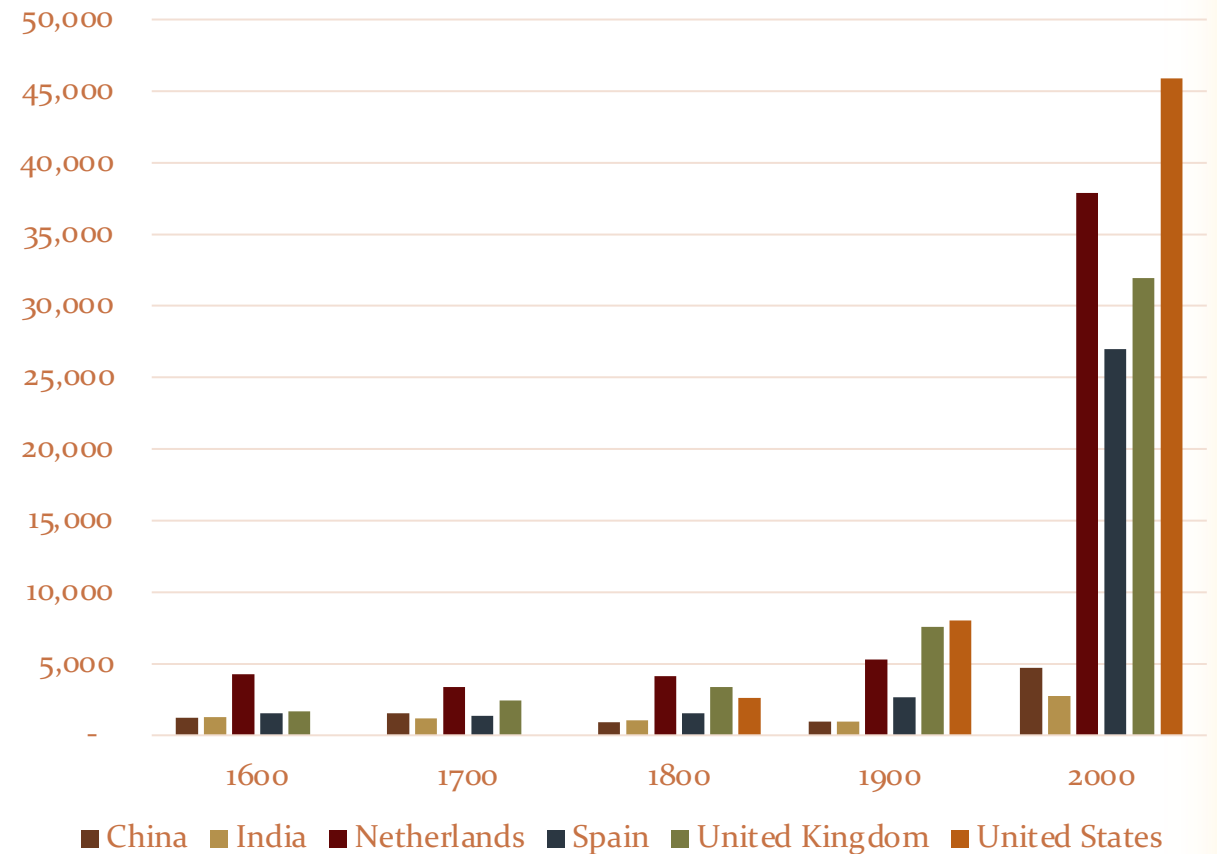


Under 5 mortality rate (per 1,000 births)  
Source: World Development Indicators



# Health, education and income growth : Human development

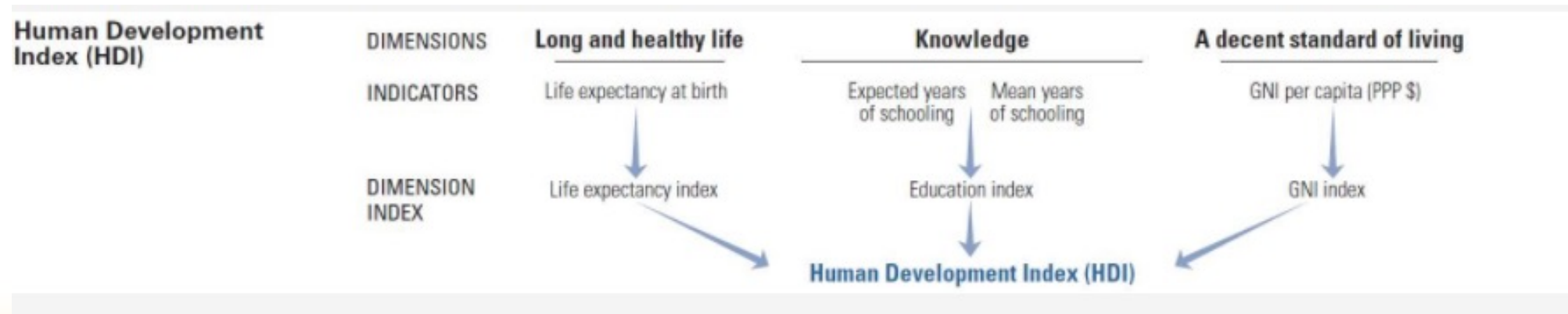
- Lives of poverty and early death were the norm throughout history
- Two factors post 1800
  - The development of capitalism
  - The rise of the nation state and the idea of equality in citizenship
- Transformation of human existence since 1900 is unprecedented in history



Source: Groningen Growth Center

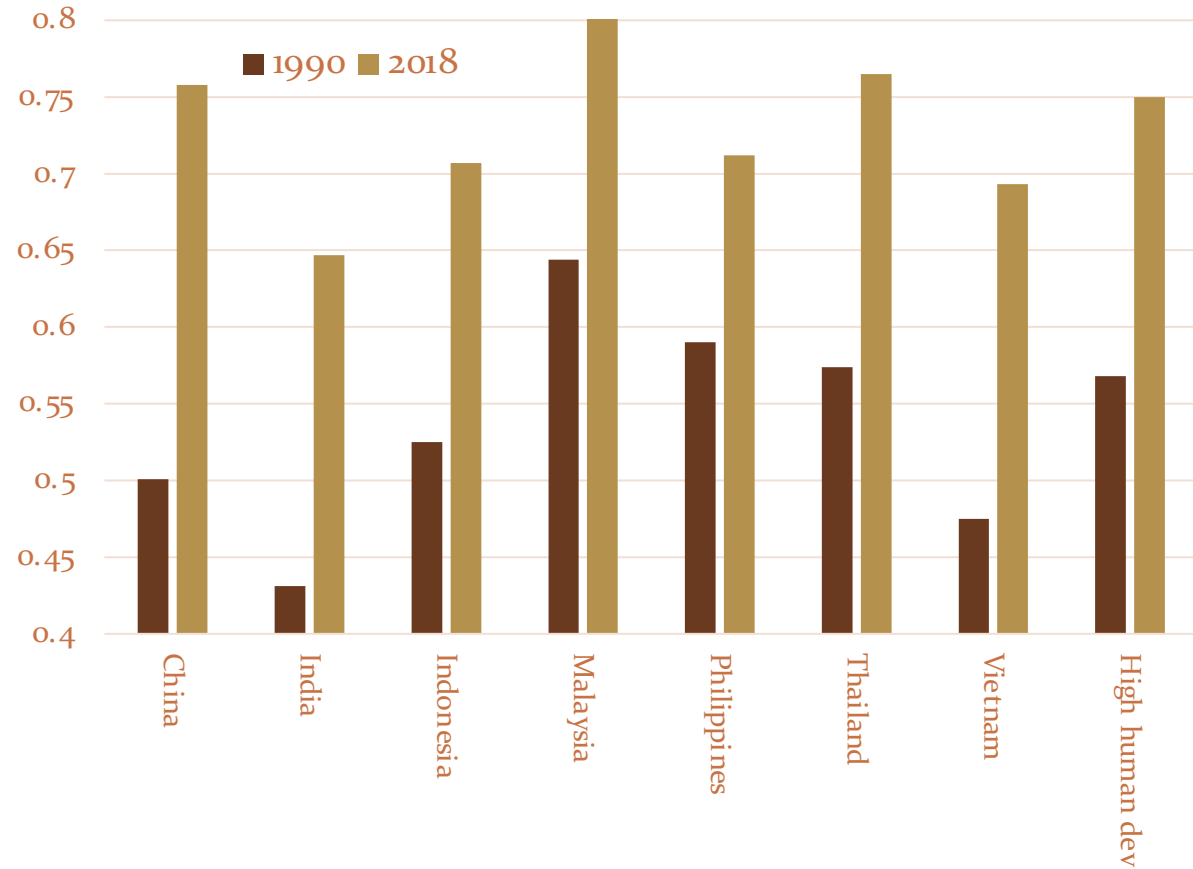
# UNDP Human development index

- Mahbub ul Haq: Refocus development on people (follower of Amartya Sen)
- Introduced in 1990 to focus discussion on outcomes other than income per capita
- But the correlation between income, life expectancy and schooling is strong → outliers are relatively few, but important



# UNDP Human Development Index

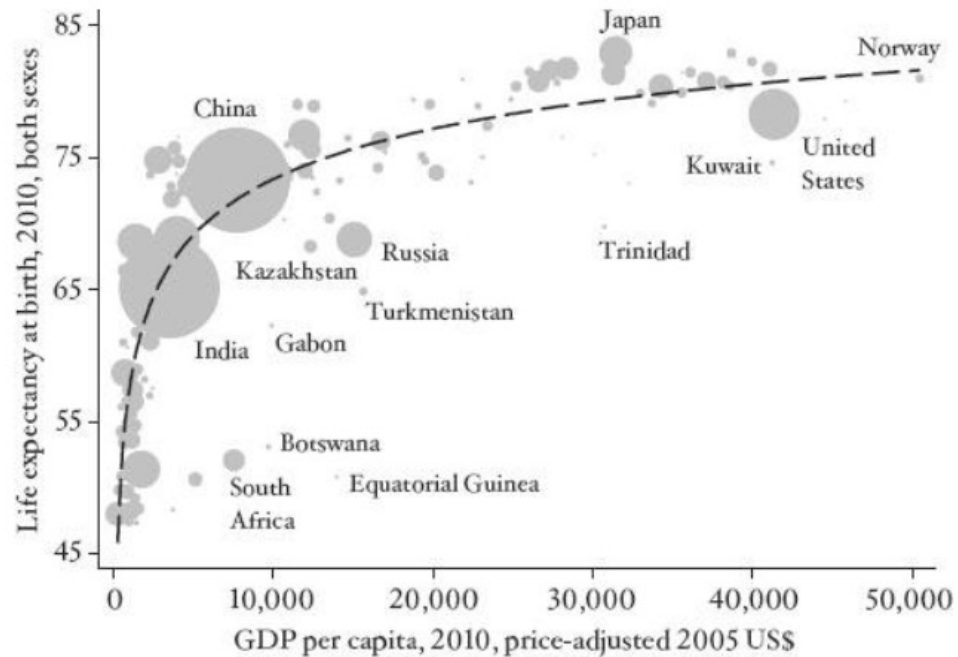
- Southeast Asian countries have performed well since 1990
- China and Vietnam among the best performers, Philippines the worst
- All countries have seen rapid increase in school enrollments since 1990



# Historic progress, deepening inequalities

- The development of capitalism unleashed productivity growth, but also massive inequalities
- Uneven development is a characteristic of capitalism: half of Indian children affected by malnutrition
- Gender division of labor (women crowded into worst jobs) and unequal distribution of social reproduction work
- Mundle: States mediate between economic and social outcomes
  - States differ with regards to the degree of elite capture: India and Indonesia as examples of governments that protect elite interests
  - States differ in terms of their bureaucratic capacity to develop health and education services
  - Covid-19 pandemic again exposed the degree of commitment to equality and bureaucratic capacity of Southeast Asian governments

# Life expectancy and GDP per capita, 2005

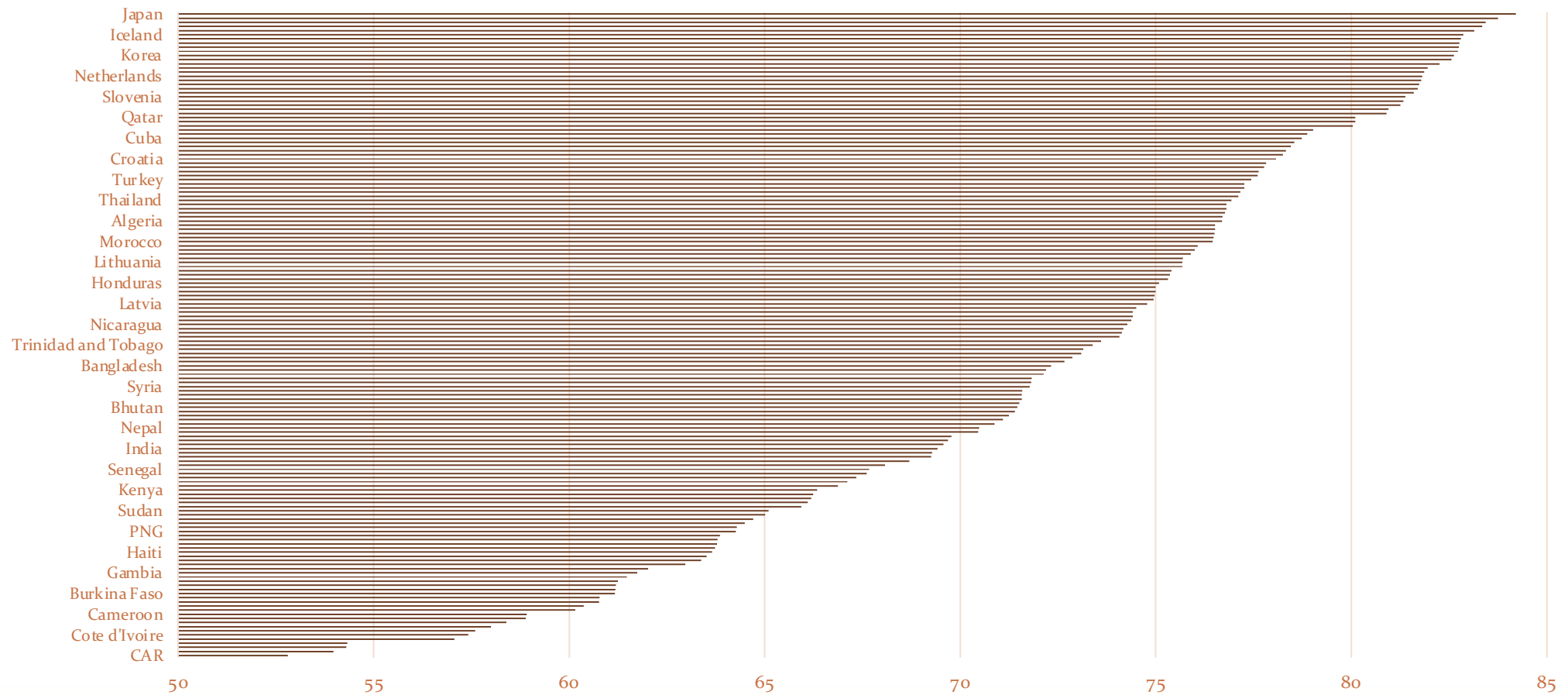


- Epidemiological transition: from infectious disease to chronic illness (heart disease and cancer)
- Close correlation between income and health outcomes
- Under-achievers: United States, South Africa and Equatorial Guinea are unequal countries
- Over-achievers: Japan, Korea, Vietnam, lower inequality

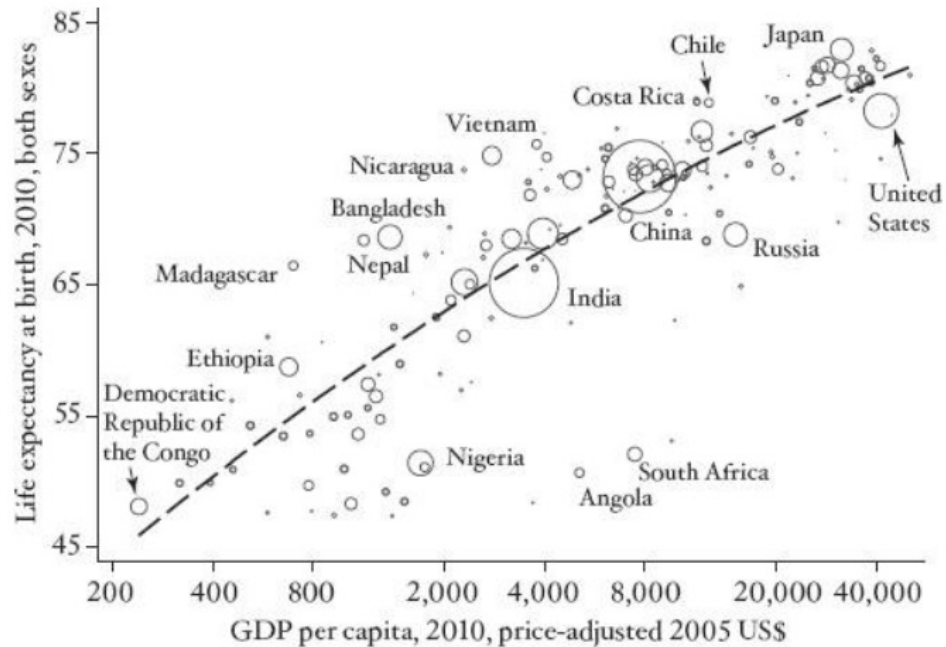
Source: Deaton 2013



# Life expectancy at birth, 2018



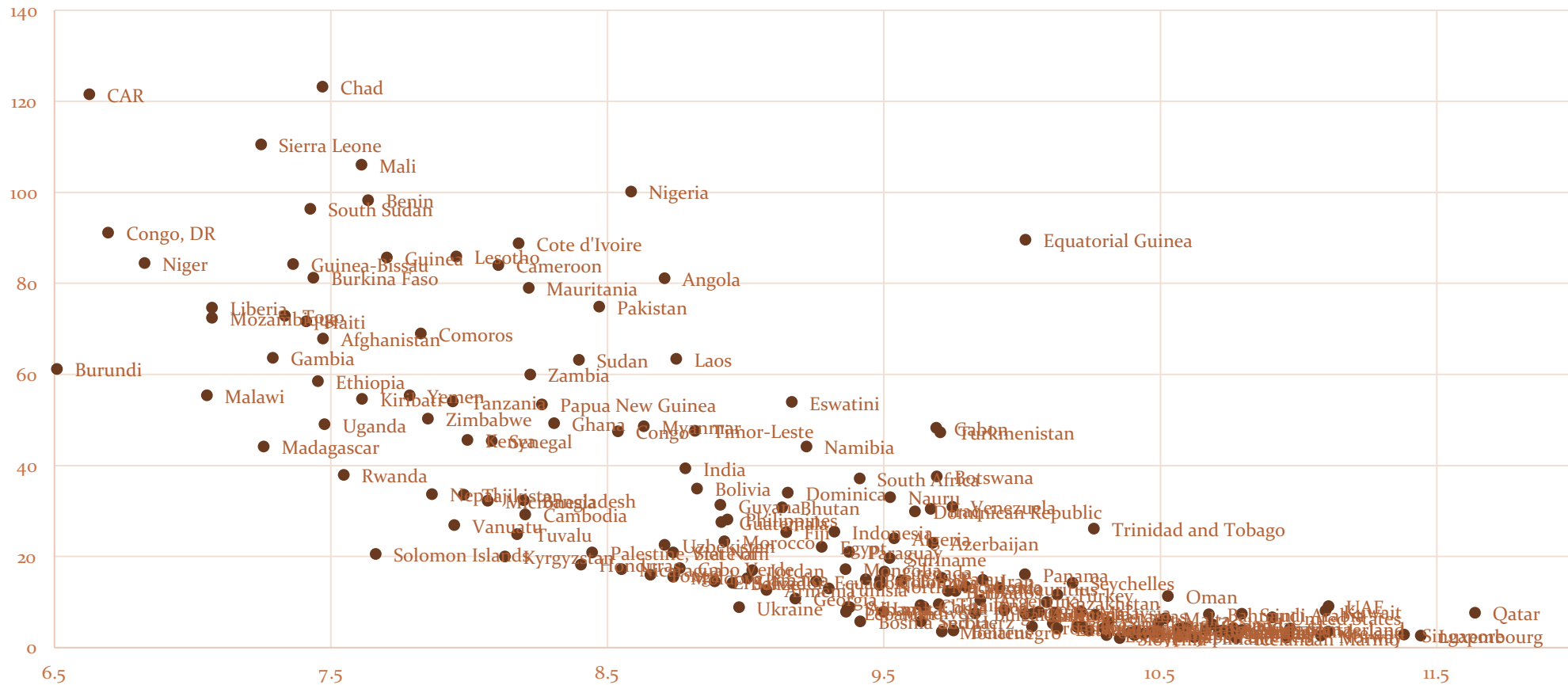
# Log scale: Under and overachievers



- Wars is a major cause of low life expectancy
- HIV/AIDS has lowered life expectancy in many African countries
- Life expectancy in Russia fell with fall of Soviet Union, economic contraction and collapse of social services

Source: Deaton 2013

# Under 5 mortality and log of GDP per capita, 2017



## Aid and health: Vertical vs horizontal programs

- Vertical programs that deliver technological solutions (immunization, oral rehydration therapy, anti-retrovirals) have been extremely effective at reducing mortality and morbidity
- Horizontal programs that build local health care capacity have faced more challenges
  - Costs per patient are higher in remote locations
  - Shortages of administrative and managerial capacity
  - Doctors prefer to work in cities serving wealthier patients with modern facilities
  - Governments have underinvested in basic health care

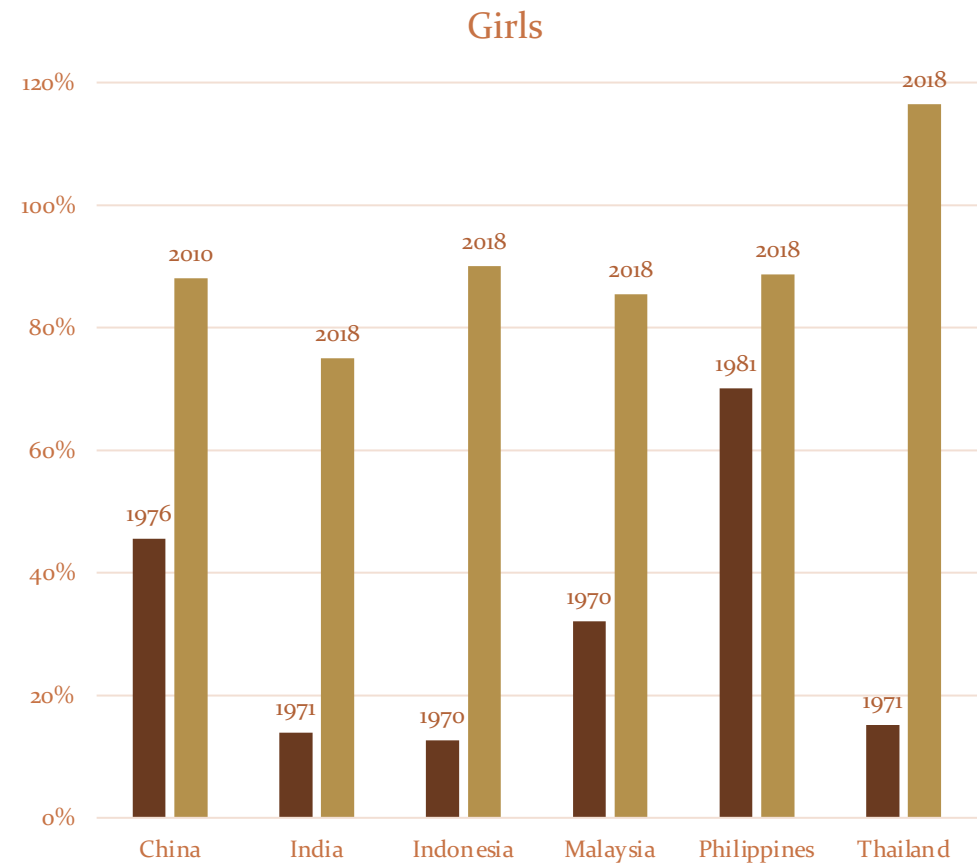
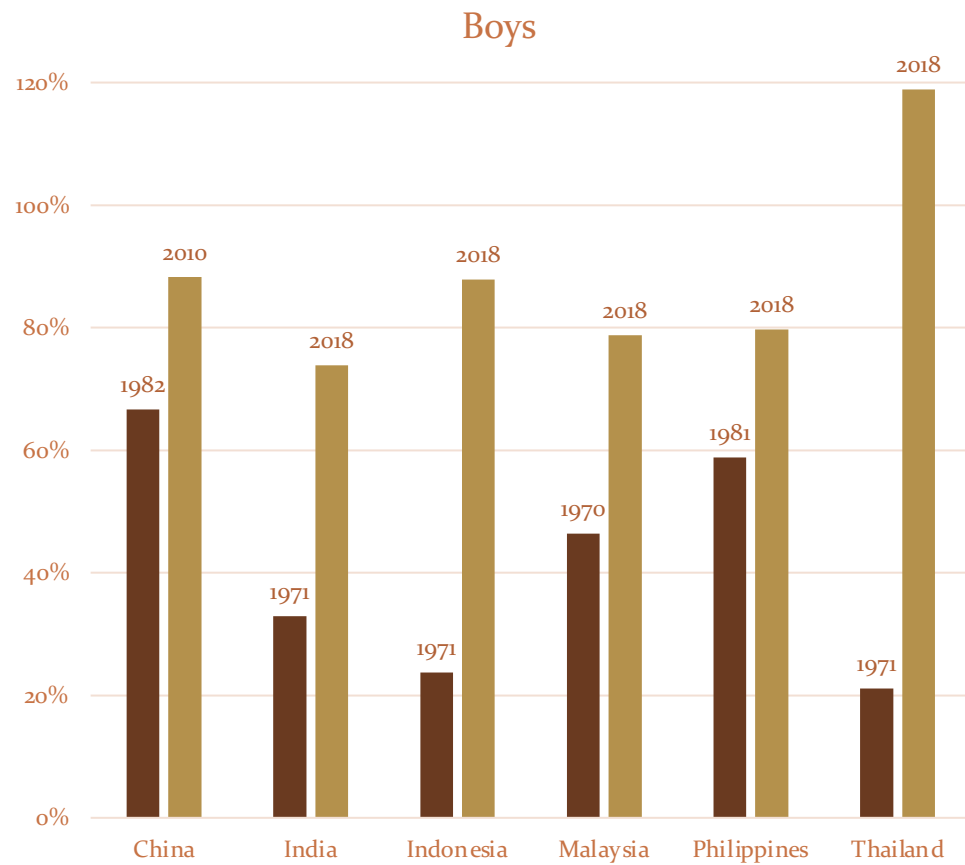
## Education: Nation building, literacy and numeracy

- Access to formal education was motivating force for nationalist movements – colonial powers had generally restricted schooling to the elite
- Most countries worked set a goal of universal primary education after independence and later universal secondary education
- Creating a national culture from diverse former colonies: Common curriculum, rituals, credentials
- Benedict Anderson's "Imagined Communities": Language communities, schools and print media created the idea of the nation in former colonies.

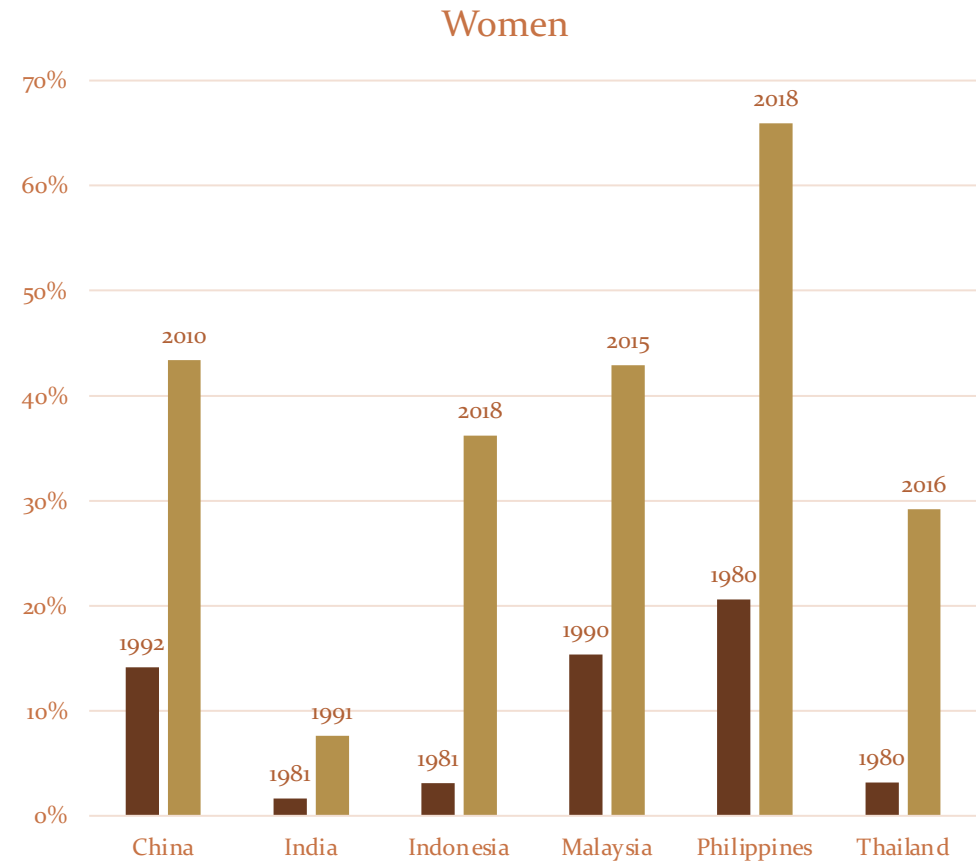
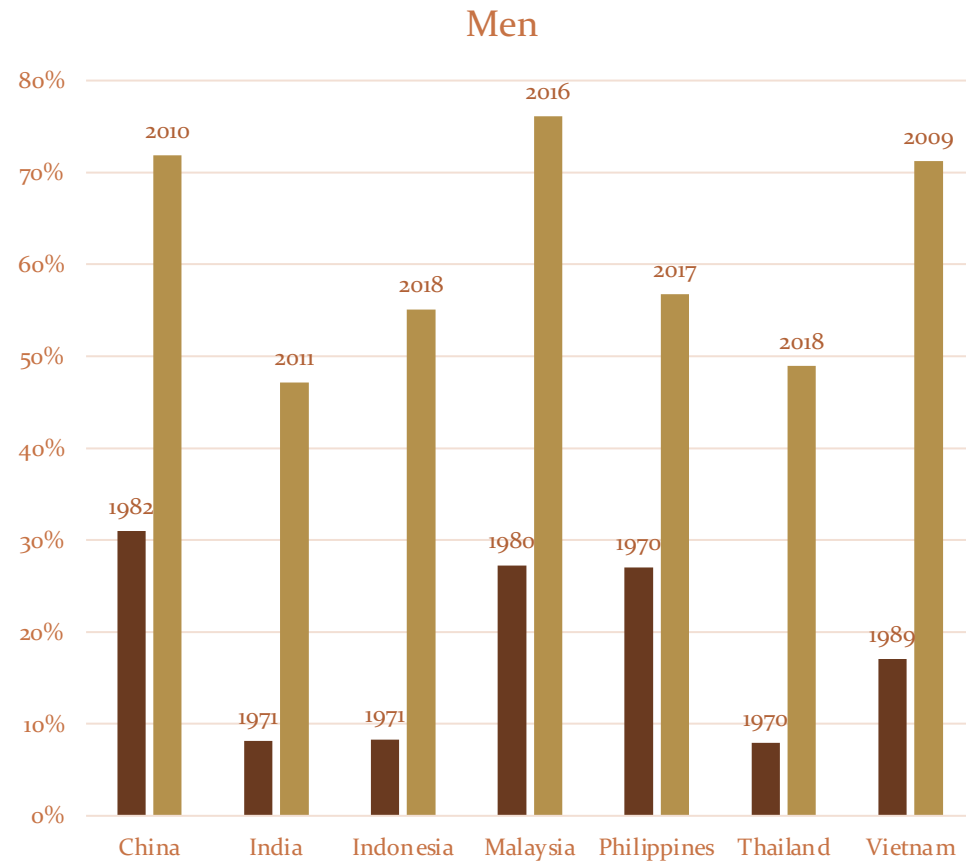
## Different starting points and outcomes

- History is not destiny: Thailand started far behind but accelerated after 1990
- Philippines began with an advantage but lost momentum
- Legacy of past enrollment patterns evident in today's adult population
- Traditional gender biases: Adult women have fewer qualifications and are crowded into low skill occupations, especially in India and Thailand
- Families underinvest in the education and health care of girls

# Lower secondary gross enrollment rates

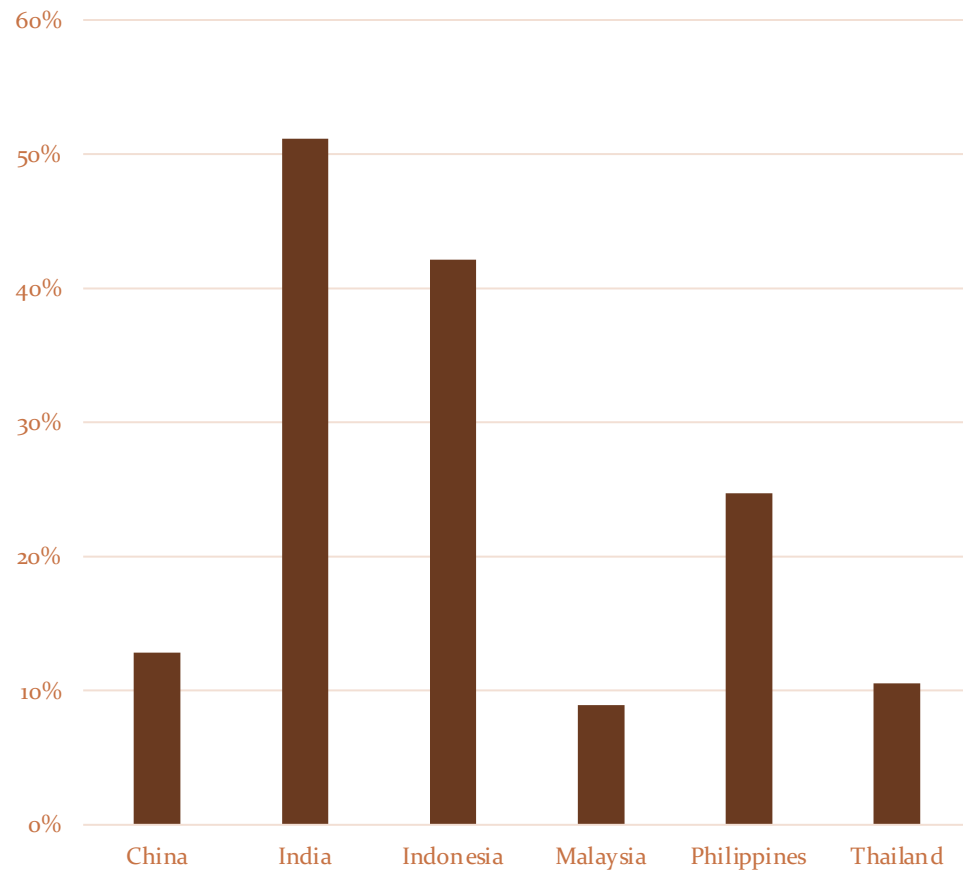


# At least completed lower secondary school, 25 years of age and over





## Secondary School enrollment, % private



- Indian government prioritized higher education while underinvesting in primary and secondary
- Private education filled the gap in India and Indonesia left by government
- Quality of provision is poor: smaller schools, worse facilities, underqualified teachers

# Conclusion

- Tremendous progress in human development but disparities remain
  - Capitalist development is uneven
  - States vary in their aims and capacities
- Overachievers and underachievers in human development
- Human development and nation building: Equality of citizens under law?
- Human development and gender inequality: Gender division of labor and unequal burden of social reproduction

Questions?