The past three chapters have examined the potential role of human development in attacking absolute poverty, and some of the problems and policies in the main human development areas. This chapter addresses some broader human development planning issues—including the tradeoffs between growth and poverty reduction, and the allocation of resources between human development and other activities. After a general review, these and other issues are examined in the context of a regional typology of developing countries. Since the needs and the difficulties are greatest in the two poorest regions—Sub-Saharan Africa and South Asia—they receive most attention. The other three regions—the Middle East and North Africa, Latin America, and East Asia—are discussed collectively in a single section.

**Issues for planners**

Much absolute poverty, and some of the ways to attack it, are obvious. Yet lack of information about the numbers and characteristics of the poor, and the causes of their poverty, handicaps the design and implementation of effective antipoverty policies. Even in countries where much work has been done—Brazil, India, Indonesia—controversy persists about such basic facts as trends in the incomes of the poor. This is partly for lack of relevant data from household surveys—though informal study and patching together evidence from other sources can help. It is also a matter of analysis—experience has shown how important it is to distinguish household income from income per household member, to find the relevant price index to calculate changes in the real incomes of the poor and to take account of seasonal variations. For example, since the poor spend the bulk of their incomes on the cheapest foods, a price index based on national average consumption patterns may seriously distort what has been happening to absolute poverty.

To be effective, policies must also distinguish the causes of poverty—which vary widely within as well as between countries. There are common elements and important linkages. But different measures will be needed to benefit, say, subsistence farmers on poor soils, landless laborers in fertile but crowded areas, and female-headed households in large cities. Poverty programs have sometimes focused almost exclusively on small farmers even when the majority in absolute poverty were in fact landless laborers.

As important as differentiating the causes of poverty is differentiating its characteristics. Absolute poverty is a bundle of things—low income, malnutrition, ill health, lack of education. Different groups of poor people may initially suffer from some more than others; policies should correspondingly vary in their focus.

**Tradeoffs between different objectives**

In the past the severity of the tradeoff between poverty reduction and growth has sometimes been exaggerated—especially from a narrowly economic point of view. As the past two World Development Reports have emphasized, more support for agriculture, land reform, expansion of industrial employment, and a more even distribution of public services can all help to reduce absolute poverty and accelerate growth. This Report similarly stresses not only what greater national income can do for the education, health and nutrition of the poor, but also how human development policies for the poor can contribute to raising national income.

It would be wrong, however, to suggest that there are no tradeoffs. Although it is highly desirable, for example, to help the aged and the incurably sick among the poorest of the poor in most societies—this will contribute little or nothing to growth. Similarly, in expanding rural primary education, countries will have to choose between the places that are poorest, and those (the rapidly modernizing ones) where more education would have the largest effect on farm output. The severity of tradeoffs, moreover, is (as Chapter 6 has shown)
in most cases amplified by political, fiscal, administrative and even cultural considerations. If, for political reasons, more services for the poor must be matched by more services for the rich, the cost of providing for the poor is multiplied.

But economic factors underlie many tradeoffs, especially since money can sometimes ease even political and administrative problems. A country that is already comparatively wealthy, or whose growth prospects are excellent, generally has more latitude than one that is poor, or whose growth prospects are grim. The severity of tradeoffs is thus also affected by the international environment. Higher oil prices absorb resources that could have been used either for growth or for reducing poverty. So do cuts in aid, obstacles to commercial borrowing, and sluggish exports (and hence imports and production) caused by slow world growth. Agricultural and industrial protection in developed countries undermine the efforts of developing countries to foster agriculture and labor-intensive industrialization. In the next few years, especially, the harshness of the choices that poor countries will have to make can hardly be exaggerated. Nor can the degree to which these could be eased by enlightened policies on the part of other countries.

**Balance between human development and other policies**

The returns to human development programs can be high in economic terms—both directly (especially for education) and indirectly (especially through reduced population growth). Their impact on the education, health, nutrition and fertility of the poor is also valuable in itself. But human development programs alone cannot reduce poverty and promote growth. A whole range of other policies—for infrastructural investment, agriculture, foreign trade, land reform, credit and research—must do most of the job, even though many of them complement human development in important ways.

Even at the margin, the key question is not whether the returns to human development are high, but whether they are higher than returns to alternative uses of the resources concerned. Much will depend on the circumstances of the country concerned, including its past balance between human development and other policies. Some countries have devoted too little of their development budgets to human resources, and too much to physical investment; for them, a switch at the margin toward human development would be the best use of scarce resources. Others, by contrast, may have overinvested in some aspects of human development—as suggested, for example, by the slow rates of return to higher education in certain countries. In other cases, human development programs have had low returns simply because they were hard to implement (see Chapters 5 and 6).

Overinvestment and underinvestment, of course, cannot be defined without reference to the objectives of governments—how much weight they attach to growth, redistribution and human development, or to short-versus long-term goals. Much of the payoff from better education and lower fertility, for example, would accrue to this generation's children and grandchildren. But people—especially poor people—legitimately want improvements during their own lifetimes. This and other sources of economic or political pressure to concentrate on the short or medium term are bound to reduce the attractiveness of some—though by no means all—human development programs. The returns to nations that are already comparatively wealthy, or whose growth prospects are excellent, generally have more latitude than one that is poor, or whose growth prospects are grim. The severity of tradeoffs is thus also affected by the international environment. Higher oil prices absorb resources that could have been used either for growth or for reducing poverty. So do cuts in aid, obstacles to commercial borrowing, and sluggish exports (and hence imports and production) caused by slow world growth. Agricultural and industrial protection in developed countries undermine the efforts of developing countries to foster agriculture and labor-intensive industrialization. In the next few years, especially, the harshness of the choices that poor countries will have to make can hardly be exaggerated. Nor can the degree to which these could be eased by enlightened policies on the part of other countries.

**Balance between different human development policies**

As the analysis in Chapter 5 bears out, there are also difficult choices to be made within the general area of human development. The difficulty partly a technical one—more research is needed to quantify the returns to different sorts of programs in varying circumstances. But it is again partly a matter of objectives—the relative weights attached to nutrition and education, for example. And it is aggravated by economic constraints: even with identical preferences, a poor country might make a different choice from a richer one when confronted with the option of providing rural primary health care or expanding some form of urban secondary education with a higher economic rate of return. Choices are also affected by the availability of finance (foreign and local, as well as national) for different programs.

The difficulty of the choice is eased somewhat by the fact that the various aspects of human development are causally interrelated (see Chapter 5): an attack on any one front is likely to produce results also on others. These spillovers appear greatest in basic education—which usually also has the biggest payoff in terms of increased income. There is thus a strong case for considering increasing (or in times of stringency, maintaining) expenditure on primary schooling. This should not mean neglecting secondary and higher education, nutrition, health and family planning programs—which in all circumstances are important, and in many may have a better claim on marginal funds than primary education. Nor should governments overlook the practical difficulties of translating higher enrollment targets into adequate education and reduced dropout rates, or the length of
time that must elapse before the full benefits of even good primary schooling are felt.

Country circumstances

Appropriate policies in the field of poverty and human development will vary widely according to the circumstances of the country concerned. The rest of the chapter illustrates this point by comparing the different regions of the developing world. Regions, of course, are not decisionmaking units. Nor are they homogeneous. But there are important differences between them (Figures 7.1, 7.2 and 7.3 contrast their progress on incomes, literacy and life expectancy); and regional analysis provides a more general, if less concrete, perspective than would a set of country case studies.

Sub-Saharan Africa

Most of the countries in the region became independent in the 1960s. They inherited acute deficiencies in skills, institutions and general education; overcoming these has been a major concern of most of their governments. Progress has been considerable, yet severe shortcomings remain. The region’s experience illustrates that human and institutional development are long, slow processes—their neglect today is not easily overcome tomorrow. And while they are costly, so is their neglect: as the analysis of Chapters 4 and 5 would predict, educational and institutional deficiencies coexist with low life expectancy, high fertility, inefficient investment and slow agricultural progress.

Growth

The growth of incomes has been disappointing, both in the middle-income and in the low-income countries (see Table 7.1). The two groups are distinguished mainly by differences in natural resources rather than in economic structure, institutional development or human skills. GNP per person (which, in the absence of reliable information on the large subsistence sector, can be measured only approximately) either fell or grew

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<tbody>
<tr>
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<td>0.2</td>
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<td>186</td>
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<tr>
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<td>2.1</td>
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Note: Excludes South Africa.

a. 1977 prices.

b. If oil-exporting Nigeria is excluded, this figure falls to 1.5 percent.
less than 1 percent a year in 11 countries during 1960–78; it rose more than 3 percent a year in four countries. (Some of these meager gains have been wiped out by deteriorating terms of trade.) Agriculture has been almost uniformly sluggish; food output per person appears to have declined in 25 countries (mainly in the Sahel) between 1969–71 and 1976–78.

The constraints that hampered growth in the past have not eased much. The discouraging prospects for growth in both low- and middle-income African countries—and the resulting likelihood of an increase in the proportion of people in absolute poverty—were described in Chapter 2 (page 11).

How the international economy affects African countries will depend on aid levels and on primary commodity prices, but importantly on their own actions as well. The potential gains from processing primary products for export remain largely untapped. Primary products typically account for 80–100 percent of merchandise exports (though not all are suitable for processing; see page 23). In some countries exports have stagnated because of poor domestic agricultural performance; many more have had to increase their food imports. Grain imports into Sub-Saharan Africa rose from about 1.6 to 2.6 million tonnes between 1965 and 1975 (and the US Department of Agriculture projects a rise to 4.5 million tonnes by 1985).

The importance of agriculture goes far beyond its effect on trade. As the region most dependent on agriculture—the main activity of more than 70 percent of its 360 million people—accelerating growth and reducing poverty and malnutrition in Africa depend more than anywhere else on improved agricultural performance. Evidence that farmer literacy affects the adoption of new farming methods (see page 48) has obvious implications for that improvement. But the problem is clearly much wider. Modern agricultural “packages” (of seeds, fertilizers and cultivation techniques) have yet to be developed for many African localities and subsistence crops. Agricultural programs generally have not reflected the considerable role that African women play in agriculture. And there are basic deficiencies in credit, infrastructure, agricultural incentives, extension services and market integration (the World Development Report, 1978 considered in more detail the requirements for faster growth in Africa).

In large measure these deficiencies reflect institutional weaknesses and the related scarcity of experienced, trained people. Nor are their effects confined to agriculture. In several countries a significant industrial sector is already emerging, but the scarcity and high cost of suitably skilled labor and management remain major impediments to African industrialization.

While administrative weaknesses will take time to overcome, the effectiveness of many programs is also hampered by difficulties in financing operating costs, especially for materials and supplies. Progress could be more rapid if aid donors were to relax their traditional preference for funding capital rather than operating costs.

In addition, there is a serious danger that economic stringency in the next few years will lead to cutbacks in human development programs, despite the importance of their contribution—often exceeding that of additional physical investment—to Africa’s long-term development potential. It is essential that aid donors, especially in the first half of the 1980s, should substantially increase their efforts to help African governments avoid such false economies (while maintaining the already very low consumption levels of most of their people).

**Poverty**

Given the trend in average incomes (particularly in agriculture), the proportion of the population living in absolute poverty has probably increased in many countries since the early 1960s; in 1975 an estimated half of the people in the region were absolutely poor. Most are subsistence and small-scale farmers, but in some countries (such as Somalia) a sizable proportion are nomads. As compared with the low-income countries of Asia, poor agricultural conditions and farming methods are a more important cause of low agricultural incomes than unfavorable land-man ratios.

**Human development issues**

Despite substantial gains since 1960, life expectancy remains below 50 and adult literacy rates below 25 percent in most countries. Both are generally below expected values for countries at their income levels. For example, the norm for life expectancy (Figure 7.4) is about 50 years for countries with average incomes of about $350; but Senegal, with that income level, has a life expectancy of only 42 years. Africa is the only region where fertility still shows no sign of decline—women surviving to the end of their child-bearing years average 6 to 8 children. And it is the only region where nutrition has steadily worsened.

**Fertility.** The contribution that slower population growth can make to raising incomes is particularly marked in Africa. The region’s high infant mortality and low adult literacy are major reasons that population growth remains high.
Studies in Nigeria and Tanzania found that education among wives reduced fertility and infant mortality—though some studies in Africa have suggested that the initial impact of schooling (by increasing health and fecundity sooner than it reduces desired family size) may be to increase fertility. The contrast between Kenya and Lesotho is also suggestive: among African countries, they both have better-than-average records of literacy, life expectancy and child death rates—yet Kenya has the highest fertility rate in Africa and Lesotho the lowest. Data from the early 1960s show that in Kenya many more men than women were literate, while in Lesotho it was the other way round.

That is unlikely to be the whole explanation, of course; other possible reasons include the migration of men from Lesotho to South Africa, and differences in cultural values—which are strongly pronatal in many parts of Africa, so that (in contrast to other regions) desired family size often exceeds its actual size.

Partly for this reason, and partly because of the virtual absence in most countries of a primary health care network onto which family planning programs could be grafted, such programs in Africa have been few and feeble. Extending and strengthening family planning efforts, however, would cause an earlier and faster decline in fertility.

HEALTH. Primary health care can be provided inexpensively (about $2–3 a person) in some of the low-income countries (and could be financed to some degree by a reallocation of government expenditure away from urban hospitals); but since it is administratively demanding, progress is likely to be slow.

A few countries such as Mali, Kenya and Tanzania have begun to establish the necessary administrative structure. Village health workers can be trained cheaply, as has been demonstrated in Nigeria; but a study of Mali's health system noted that "at the village level, the most serious manpower constraint is the near total lack of literate people who can be trained as village health workers."

EDUCATION. Typically, education accounts for 15–25 percent of the budget and 3–6 percent of GNP; less than half the total is for primary education. Recent growth in school enrollment has been impressive, particularly in Benin, Congo, Ivory Coast, Kenya, Lesotho, Somalia and Zambia. These countries spend more than 5 percent of their GNP on education and are in the top 25 percent of all developing countries on this count. For them, the key issue is not increasing education's share of the budget but (as in other African countries) using funds more effectively, improving educational quality and tackling serious problems of dropout and wastage.

Costs are a major obstacle to raising enrollment and school quality in Africa: costs per pupil as a percentage of GNP per person are the highest of all regions. Compared with Asia, this ratio in West Africa is more than twice as high for primary, five times for secondary and seven times for tertiary education. The high cost largely reflects the fact that teacher salaries (which typically account for 75 percent of educational costs) are high in relation to average incomes. In Upper Volta (which has the lowest literacy rate in Africa—5 percent) teachers' salaries are 24 times larger than GNP per person, compared with less than four times in Liberia. High salaries for all educated people are partly a colonial legacy; but the main cause has been a shortage of qualified
teachers, which is now starting to ease. Salaries have fallen in real terms in several countries, including Benin, Tanzania and Sierra Leone.

There are various other ways of making education less expensive without making it worse, as discussed in Chapters 5 and 6. In some countries, such as Nigeria and Sierra Leone, average class sizes are small enough (about 30 pupils) to be raised without much adverse effect on quality (see box on page 52). In Togo local communities pay part of teachers’ salaries; in Somalia and Tanzania they contribute to construction costs.

While school enrollments have risen markedly, few countries have tried to deal with the large backlog of illiterate adults. Literacy campaigns that relied on students, volunteers and government servants were mounted in Somalia and Tanzania, with spectacular success: literacy rates are estimated to have risen from 2 percent and 10 percent to 60 percent and 66 percent, respectively, between 1960 and 1975. Such programs, however, lack the socializing effects of school attendance. There is also a risk that literacy skills may decay if they are acquired in circumstances that do not require their frequent use. This argues for programs that are not too brief and have an emphasis on such practical subjects as numeracy, hygiene, nutrition, family planning and agriculture.

There are politically difficult choices to be made in higher education. Governments often give stipends as well as free education to university (and sometimes even secondary) students. Many governments have also felt obliged to guarantee jobs to all university graduates—in activities whose productivity does not always match their salaries. Secondary and higher education is thus a doubly serious drain on budgets; and its social returns have been pushed well below the private returns to individuals—and below what they might be with better economic policies, since Sub-Saharan Africa badly needs more people with professional, scientific and administrative skills. Their shortage has been one of the biggest brakes on development projects—as reviews of World Bank project experience amply testify. But African countries also need to train them more economically (see page 50) in order both to increase their supply and to release resources for primary schooling and other human development programs.

Despite the conspicuous scarcities, there is concern about incipient unemployment among secondary-school graduates in some countries. This reflects the fact that job requirements and expectations tend to change more slowly than the supply of qualified people (see box on page 51). But as graduates find it harder to get jobs, they will be likelier to respond to the needs of the economy for more people to work in rural areas as extension agents, teachers and administrators.

South Asia

South Asia has much in common with Sub-Saharan Africa—in particular, pervasive poverty and low average incomes. But it has relatively many more highly trained people (there are almost as many university students in India as in the European Community) and greater administrative capacity.

Growth

Economic growth has been generally slow: South Asia’s GNP per person grew at an annual rate of 1.6 percent in 1960–70 and 1.1 percent in 1970–80—stagnating in the early 1970s and then accelerating after 1974. South Asia has substantially better growth prospects than Sub-Saharan Africa; but it too will face difficult choices in the adjustment period. Growth will depend heavily on domestic economic management, particularly in agriculture; but exports, migrants’ remittances and aid are important international influences (no country borrows much commercial capital). Remittances, mainly from the Middle East, have grown dramatically in recent years; in 1979 they amounted to about $1.4 billion in Pakistan (almost three-quarters the value of its merchandise exports) and roughly $1 billion in India. They are also substantial in Bangladesh.

The region has also had some success in increasing exports to the Middle East—particularly India, which has won major contracts for turnkey plants, construction and consultancy services. Nonetheless, no country has fully exploited its potential for manufactured exports. The large industrial sectors of India and Pakistan can respond strongly to incentives for exports, as Pakistan’s did in the 1960s and India’s has done more recently. Sri Lanka is launching a major drive for export-led industrialization, which should be helped by its highly educated labor force.

Recent agricultural performance in India augurs well for the 1980s (and is the main reason faster GNP growth is projected). When an identifiable package involving water, fertilizer, high-yielding varieties and credit is readily available, as it is in much of South Asia, the economic returns to more rapid and successful adoption—facilitated by the spread of education—can be high. Given the pressure of population on land, future agricultural expansion will have to rely almost exclusively on increasing cropping-intensity and the spread of high-yielding varieties of crops.
Poverty

About half of the region's people live in absolute poverty, accounting for half of the world's poor. Landlessness is a much more important cause of poverty than in Africa. The landless and those with less than 0.5 hectares make up about 53 percent of the rural households in Bangladesh, 40 percent in India and 37 percent in Pakistan. And those with 0.5 to 1 hectare are still very poor, and must earn much of their income as wage-laborers. Although only about 20 percent of the population lives in cities, South Asia contains much of the world's worst urban poverty.

Life expectancy in South Asia is above the norm for countries with similar average incomes (Figure 7.5); but for literacy the picture is more mixed, with Nepal and Pakistan below the norm. More generally, progress in human development varies widely, both between and within countries. Sri Lanka and the Indian state of Kerala have achieved literacy and life expectancy that are usually reached at incomes per person near the top of the middle-income range. (In 1971 the literacy rate in Kerala was 69 percent; Tamil Nadu and Maharashtra were next in India with 45 percent and Rajasthan was last with 21 percent.) At the other extreme, Nepal's human development indicators are more like those of the typical African country.

Human development issues

The successes of Sri Lanka and Kerala demonstrate the potential as well as the difficulties of human development and poverty reduction in South Asia. They also confirm the potency of an early start: Sri Lanka's literacy rate in 1900 exceeded that of Pakistan and Bangladesh in 1975.

In relation to its income, Sri Lanka has extraordinarily high life expectancy and literacy (although estate laborers remain an underprivileged group), and extraordinarily low population growth. It achieved this primarily through subsidies to food and education, which accounted respectively for 4.5 percent and 3 percent of GNP in the early 1970s (17 percent and 12 percent of the central budget). These were combined with fairly broad-based access to health care and a moderately effective family planning program. Relatively low defense spending—in 1977 Sri Lanka devoted just 0.7 percent of its GNP to defense, compared with the South Asian average of 3.4 percent—made it easier to finance these programs. Good literacy and nutrition contributed to high life expectancy and low infant mortality, fertility and population growth. (The essential ingredients and results were similar in Kerala.) But Sri Lanka's experience also highlights the importance of concentrating spending on those who need it most. The provision of coverage to all income groups and educational levels resulted in a fiscal burden which could not be sustained (page 62). More generally, Sri Lanka's economic performance has not yet matched its progress on human development (see box overleaf).

Fertility and women. While population growth in South Asia is lower than in Africa, the density of population makes it at least as urgent an issue. The three most populous countries of the region all share the nexus of low female literacy and high child mortality and fertility (female literacy rates are a third to a half of male rates), with Pakistan and Bangladesh the worst affected. In India higher literacy, lower sex differences in education and a stronger family planning program have been associated with a decline in fertility. As a result, by 2000, the primary-school age group is projected to have increased by about 40 percent in Bangladesh, 60 percent in Pakistan and a more manageable 20 percent in India.

Outside Sri Lanka and Burma, the status of women is a major barrier to human development. Malnutrition is considerably higher among females, and newborn girls have a significantly smaller chance of surviving to the age of five (see box on page 91). The school enrollment rate among boys is nearly twice as high as among girls; the gap has closed significantly, however, even in the Muslim countries where the cultural reasons for low female enrollment are strongest. The eventual impact this could have on population growth is considerable. A study in Bangladesh found that, as in other countries, schooling reduced fertility even in the absence of a strong family planning program. But without a strong program, a large and early decline in fertility is unlikely.

Nutrition. Food production has roughly kept pace with population growth, but malnutrition remains widespread. It is due more to people not being able to afford food than to any overall shortage: bumper harvests in India in 1976–78 resulted in a large increase in food stocks, but malnutrition (while reduced) remained widespread.
**Tradeoffs in Sri Lanka**

Sri Lanka's record on life expectancy, literacy and fertility (in relation to its low income level) is one of the best in the world. But to achieve this the government has spent on average over the past two decades nearly 10 percent of GNP on education, health and nutrition programs. To what extent, then, were these achievements in human development at the expense of economic growth?

Growth of GDP in the 1960s was 0.7 percentage points above the low-income average, in part reflecting one of the highest growth rates of rice production in the world. In the 1970s, though, slower growth in agriculture and especially manufacturing caused Sri Lanka's GDP growth rate to be somewhat below the low-income average. But because Sri Lanka's population growth rate was well below the low-income average (it fell to 1.7 percent a year in the 1970s), the growth of GNP per person over the period 1960-77, at 2.0 percent, was above the low-income average of 1.4 percent.

Sri Lanka has thus done no worse in terms of growth than other countries at its income level, while greatly out-performing them in human development. But it could have done even better—realizing more of the economic potential of its human resources—had better economic policies been pursued.

In the 1960s Sri Lanka's economic management was better than in the 1970s. But pricing policies discouraged new investment in tea and other export crops. And there was too much emphasis on industrial import substitution and too little on export promotion—in part because of an increasingly overvalued exchange rate. After 1970 the economy was hit by bad weather, which affected agricultural production, and by a steep fall in the world price of its exports relative to its imports. These problems were aggravated until 1977 by poor economic management—including an unresolved conflict with the private sector (which depressed its investment and expansion), excessive use of public investment for highly inefficient industrial projects, and expansion of the public payroll in an expensive and unsuccessful attempt to curb unemployment.

The tradeoff between expenditures on human development and growth in Sri Lanka has thus not been so sharp as is sometimes suggested. In the 1960s fairly rapid growth permitted expansion of social expenditures. In the 1970s growth deteriorated for reasons generally independent of the human development spending—and indeed caused a decline in real expenditures per person on health and education, as well as in food distribution per person. The election of 1977 led to a change of government and to substantial alterations in policies. From 1977 to 1980 annual GDP growth is estimated to have spurted to 6.5 percent, or about 5 percent per person.

**Calorie consumption per person in Sri Lanka has not been higher than in the rest of South Asia, but there has been much less malnutrition simply because food has been relatively evenly distributed. India, Pakistan and Bangladesh respectively spent 0.6 percent, 1.9 percent and 0.1 percent of their GNPs on limited food subsidies in the early 1970s—but with relatively little nutritional effect (outside Kerala), since rural areas and urban squatters were largely bypassed. Greater attention to nutritional considerations in food production and subsidy programs could have a major impact; but sustained nutritional improvement will depend ultimately on raising the incomes of the poor.**

**Education and health.** Spending on education has been relatively low—about 1.5 percent of GNP in Bangladesh, 2.5 to 3 percent in Burma, India and Sri Lanka—mainly because educational costs are the lowest in the world, which in turn reflects the large supply of educated people. Except in Burma and Sri Lanka, however, policies have tended to favor higher education: most poor children still fail to complete primary school.

In health, future gains will depend more on improvements in nutrition, health care and education than on individual disease control programs. While the region's ratio of physicians to population is high by the standards of low-income countries, they tend to be clustered in urban areas.

The relative abundance of highly educated people in South Asia (especially India), and the improved outlook for economic growth, should allow the larger countries in the region to tackle the challenging tasks of (a) increasing the share of spending on primary education and expanding enrollment, especially among girls and the poor; (b) improving the efficiency of the educational system—better quality, fewer dropouts and repeaters; and (c) expanding the network of primary health centers (India is already devoting renewed attention to this).

**Primarily middle-income regions**

With some injustice to their considerable diversity, the three primarily middle-income regions can be characterized as follows.

- **Middle East and North Africa:** income growth has been extremely rapid in recent years, reflecting the direct and indirect effects of oil revenues; but human development still lags behind.
- **Latin America and the Caribbean:** the most urbanized and industrialized region, with high average levels of human development; economic and social progress has been rapid, despite fast population growth; yet one in seven people still live in absolute poverty.
- **East Asia and Pacific:** best performance on growth of incomes and human development in relation to income; rapid growth has been based on efficient use of labor, capital and technology rather than on natural resources.

**Growth**

The countries of the Middle East
and North Africa cover the spectrum of average incomes—from Kuwait, among the richest countries in the world, to Afghanistan, one of the poorest. Growth has been rapid even in the non-oil countries, which benefited from the oil boom through migrants’ remittances and inflows of official and private capital. (About 10 percent of the people in the region are directly dependent on remittances, which are often large—an average of $4,000 a year per Moroccan migrant, for example.) In the 1970s GNP per person in the region rose 4.9 percent a year; higher real oil prices meant that growth in purchasing power was higher still (see box on page 4).

The same factors that spurred growth during the 1970s should ensure fairly rapid expansion in the 1980s.

Growth in East Asia and Latin America has in general been excellent. Strong economic management meant that these were the only regions in which oil importers grew faster in the 1970s than in the 1960s. The adjustment period will see a slowdown in their growth, but by the mid-1980s their prospects look quite good—so long as good management and political stability are maintained, and so long as growth in world trade and capital flows to developing countries also pick up by then.

Growth in both Latin America and East Asia depends heavily on commercial finance. The two regions account for the bulk of commercial borrowing by developing countries, with Mexico, Argentina, Brazil, South Korea and Venezuela alone accounting for 44 percent of the total in 1979. Another crucial international influence on their growth prospects, both directly and through its effect on credit-worthiness, is world demand for their manufactured exports.

The major East Asian exporters alone accounted for more than 40 percent of developing-country manufactured exports in 1977; despite some protectionism in industrial countries, they have sustained rapid export growth by diversifying their product lines. This flexibility allowed them to maintain growth in the 1970s despite slower growth in the world as a whole. It also means they have more freedom than other non-oil developing countries to choose whether to respond to higher oil prices by greater borrowing or by increasing their exports (and intensifying import substitution).

**Human development: regional issues**

Some countries in East Asia and Latin America have achieved levels of literacy and life expectancy comparable to those in the industrialized countries. In all the three regions absolute poverty has been reduced significantly but remains substantial.

**Middle East and North Africa.** The rapid economic growth of recent years has probably cut considerably the proportion of absolutely poor people in the region. Nonetheless, there is still serious poverty in the countries not rich in oil, and to a lesser degree also in Iran, Iraq and Algeria.

As in Sub-Saharan Africa, income differences between countries are related more to their natural resources than to institu-

### Sex, length of life and development

In developed countries, women live longer than men—on average by more than six years. This is not so in all developing countries, especially the poorest ones (see table). In most of South Asia, women on average die two to three years sooner than men. In low-income Indonesia, though, women live longer than men.

In most middle-income countries apart from those in the Middle East and North Africa (where incomes have risen considerably since the time of some of these estimates), women live substantially longer than men. In East Asia and Latin America, moreover, this has been so for as long as statistics are available. But the female advantage has increased—for example, in Argentina from around one year in 1900 to more than six years in the 1970s.

In some countries there has been a reversal. In Sri Lanka, for instance, women on average in 1953 lived one year less than men; by 1962 they had pulled level; by the early 1970s they were ahead by a margin of about three years. A similar switch occurred in Turkey between the 1930s and the 1970s.

Economic development thus tends to raise women’s life expectancy more than men’s. But regional differences in the size and evolution of the gap, and the exceptional cases of Sri Lanka and Turkey (see next page), suggest an association with the extent of education, especially for women.

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* a. Late 1960s.
tions, human skills or economic structure. In most countries life expectancy is well below what would be expected at their income levels (see Figure 7.6); the same is true of literacy. Birth rates remain very high; of the 11 countries with the highest fertility rates in the world, eight are in the Middle East and North Africa. Death rates have come down very sharply in the recent past, but infant mortality rates remain high—one in four in Afghanistan, for example.

Part of the reason is that the gap between male and female education is larger in this region than in any of the others. But it is closing rapidly: the primary-school enrollment rate for girls rose from 40 percent around 1960 to 60 percent in the mid-1970s; progress was particularly impressive in some countries—up from 58 percent to 90 percent in Turkey, for example, and from 43 percent to 81 percent in Tunisia. It is significant that these two countries have the lowest fertility rates in the region.

The challenge for many countries is to use the rapid increases in income from nonrenewable resources for productive investments and better health, education and nutrition. But this cannot happen overnight. Tremendous amounts of money are indeed being channeled into physical investments and improving social conditions in the oil-producing countries. In most cases, though, the manpower needed to complement this effort is not available domestically; and it takes time and organization to make effective use even of trained people from abroad.

Similarly, even when virtually all school-age children are enrolled at school (as they are in some of these countries), it will take more than three decades—without adult literacy campaigns—to raise the overall literacy rate above 90 percent. It may take even longer before life expectancy approaches the levels of the industrialized countries.

For the richer countries in the region, then, money is not the main obstacle. But for the others, the financial constraint on human development programs is likely to remain serious, especially in Morocco, Afghanistan, the two Yemens and to a lesser extent in Egypt, Syria, Turkey and Tunisia. Fairly rapid growth in most of these countries, however, should permit the increases in human development expenditures that are needed to bring social indicators gradually into a more normal relation with income. There is also scope for reallocation of human development expenditures. For example, some of the heavy subsidies on urban food and university education that are common in the region could be diverted to neglected rural areas and other uses.

Latin America and the Caribbean. The countries of the "southern cone"—Argentina, Chile and Uruguay—as well as Cuba, Panama, Jamaica, Costa Rica and Trinidad and Tobago, have achieved life expectancy (see Figure 7.7) and educational levels approaching those in the developed countries. The southern part of Brazil resembles these countries; but the northeastern part lags behind and accounts for the largest concentration of absolute poverty in the region. The other countries fall into two groups. The first consists of the smaller, poorer countries of Central America and the Caribbean plus Bolivia, Ecuador and Paraguay; more than half their people live in rural areas where health and education services are usually sparse. The second group—Peru, Mexico, Colombia and Venezuela—are larger and more than 65 percent urbanized.

Throughout the region, there is no significant difference in primary-school attendance between boys and girls, but there is between urban and rural areas. Primary enrollment rates tend to be high; but only a small proportion (often less than 10 percent) of children in rural areas complete primary school. In many Latin American countries, higher education has expanded very fast, accounting for the bulk of education budget increases. Spending on primary education could be increased dramatically if higher education were financed to a much larger extent from tuition fees, with assistance for those not able to pay.
The high level of urbanization in the region means that water supply and sanitation systems would do more to improve health than in other regions—water pollution and poor sanitation are more serious in congested cities than in villages. Experience in Brazil, Colombia and Mexico has shown that there is considerable potential for rich users to subsidize the poor in urban water and sewerage systems. But there must be complementary efforts to provide primary health care in both rural areas and urban slums. Some countries, including Mexico, Jamaica and Panama, have begun to include family planning services for primary health care systems; for other countries to do so would be a major advance.

Though average food consumption is adequate in most countries, many poor people are malnourished. In the longer term, measures to increase employment and the incomes of the poor will help overcome this, as will measures to stimulate food production. But recent direct nutrition programs, including subsidies and nutrition education for the poorest groups, appear to have been effective in Chile and Colombia.

Reaching some of the more isolated and ethnically distinct rural poor is more expensive and administratively more demanding than serving urban dwellers. More fundamentally, the financial and administrative resources needed to reduce absolute poverty faster will require a public commitment—thus far lacking in many countries—to the goal of making basic human development services available to all.

East Asia and Pacific. In most countries of the region, literacy and life expectancy (Figure 7.8) are well above the norm for their income level. With skilled and well-educated populations, relatively equal income distributions and rapid income growth, South Korea and the city states of Hong Kong and Singapore have made tremendous strides in human development and reducing poverty. They have combined extensive human development programs with excellent economic policies. Rapid economic growth has in turn allowed further human development. To a lesser extent this has also been the case in Malaysia, Thailand and the Philippines; but their records on income distribution and poverty are more mixed.

Though lack of information lends a certain haziness to what is known about China and North Korea, it seems that with a very different development strategy they too have enjoyed considerable success (though there is some controversy over what their growth would be at international prices). North Korea seems to have expanded output rapidly, made extensive improvements in health and education, and as a result lowered fertility. China has probably done even better on human development in relation to its income level—the gross primary-school enrollment rate has risen from about 25 percent in 1949 to well over 100 percent today (reflecting substantial numbers of under-age and over-age pupils, as well as near-universal enrollment of children in the primary school-age group).

The most serious poverty is in Cambodia. Indonesia is a special case; in many respects it is similar to a South Asian country—Java is one of the most densely populated regions of the world, and has serious malnutrition and poverty. At the same time, oil and the (relatively untapped) agricultural resources of the outer islands distinguish it from any of the South Asian economies. Recent economic growth has been rapid, but there has been controversy over the extent to which it has led to less poverty.

One notable feature of East Asia's success has been the willingness of most governments to set initially low standards in order to achieve comprehensive coverage. Another has been the variety of approaches adopted, despite the active involvement of all governments in promoting economic and human development.

- Education. Fee-paying schools have traditionally played a major role in this region, and still do in higher education—for example, in the Philippines and South Korea (page 74). At the primary level, the emphasis has been on achieving universal enrollment. To do so, South Korea has accepted class sizes that are large by international standards (averaging about 60 but rising to more than 80 in many metropolitan schools).

- Health. The world's best examples of universal primary health care at low cost are in China (see box on page 74) and the northern provinces of Viet Nam. Other countries have also emphasized primary health care—though there are important exceptions to the rule. For example, medical care in South Korea has depended mainly
on doctors in private practice. Partly as a result, maternal and child health care is often inadequate, and life expectancy is not as high, relative to income, as literacy.

• Nutrition. Substantial increases in the incomes of the poor have allowed them to buy more food; good agricultural performance has ensured that supplies are adequate. In the centrally planned economies, there has been greater resort to rationing and subsidies. While average nutrition levels in the region are satisfactory, serious malnutrition still exists in lower-income groups in Indonesia, Malaysia and the Philippines as well as in Cambodia.

Lessons for planning

One familiar conclusion from this review of regional issues is that there are no simple lessons, no easy prescriptions. There are always enough desirable uses of money to exhaust the national income twice over. There are always acute choices between the well-being of the current generation and of its heirs; and between the well-being of the poor and of the less poor. It is very hard to forecast the consequences of particular policies, or to choose the best mix of policies to achieve particular objectives. The nature of the best strategy also varies between (and within) countries, not simply because of broad differences in their economic and social structures and prospects, but also because of differences in the feasibility and likely outcome of specific policies and programs.

It would be a serious mistake, though, to suppose that there are no lessons at all. Effective planning is largely a matter of identifying the important issues and linkages, and of bringing the light of evidence and experience to bear on them. This regional review and the chapters that preceded it have thus focused on a particular set of questions of interest to planners, and on the principles and information needed to answer them.

• From the point of view of accelerating growth and reducing absolute poverty (in both its income and its nonincome aspects), is the right balance being struck between physical investment and human development?

• In human development, is the right balance being struck between education, health, nutrition and family planning?

• Within each of these areas, is the right balance being struck between basic and more advanced programs? Would different programs be more effective or more economical?

In addressing all these questions, it is necessary to remember that there are no laws, only circumstances—but also that applying general principles to specific circumstances is the springboard of successful action.