Configuring the World: A Critical Political Economy

Readings Week One – Part 2

The readings for the course are mainly formed by extracts from the draft chapters of the book by the same name which I was writing before the recordings started for the MOOC. The script of the MOOC was between April/May 2014 and recorded in May/June. A surprising amount of information was released in those months which I have not yet been able to incorporate into the text. In some respects, therefore, the MOOC is more up-to-date than the information in these drafts. Whenever this is the case, I will point to the details in the draft chapters. One final comment, some of the source referencing still needs completion (especially the bits that are familiar to me…of course, not necessarily to you) for which I offer my apologies. Finally, remember that all the statistic exclude countries with populations below 1.5 million.

The readings for Week Two cover the concept of Poverty and the HDI.

Contents

GDP ppp

As we have seen in Week One, the first step towards an international comparison is to convert all the data to a single currency. However, while this solves one problem, it creates others. Firstly, the exchange rates at which the dollar is converted into other currencies fluctuates over time. If, for example, the Euro drops ten per cent against the dollar, it does not mean that the European countries have become relatively ten per cent poorer (they will be a little poorer to the extent that dollar imports will cost more, but nowhere near that magnitude). Thus we have to find a way to compensate for the impact of fluctuating exchange rates because changing exchange rates will alter relative price levels, when they are expressed in the chosen currency. That brings us to the second problem. It is not only (changing) exchange rates that affect prices. As any tourist knows, some countries (usually poorer ones) have structurally lower prices than others. This is because local prices are determined by local supply and demand factors, and important elements in that process such as rents, wages and even some raw materials differ between countries (and even within countries). Usually, but not automatically, prices are lower in poorer countries (Deaton and Heston 2009). But we must be careful. If, for example, you look at housing prices in Moscow you will see that they are among the most expensive in the world. Thus, if we are to compare countries, we have to eliminate the effect of both fluctuating exchange rates and these structural differences in price levels. This exercise is performed for us by the World Bank which notes the prices of goods and services in different countries and calculates what is known as a *'purchasing power parity' (PPP)* exchange rate, which equalizes price differences.

This is not an easy undertaking since it involves collecting and comparing prices across a wide range of products in over 190 countries, and often also within countries (to reflect urban/rural price differences and regional variations). In 1968 a group of economists working at the University of Pennsylvania, the UN and the World Bank together formed a joint venture named 'The International Comparisons Project (ICP)'. Although the World Bank later went its own way, the Pennsylvania team continued producing its own estimates in various versions of *Penn World Tables* (PWT) which also stretched the estimates back to 1950. Although the PWT maintains a reputation as the leading source of cross-country

empirical work, partly because it also disaggregates the national accounting data, there have been damning condemnations of the impacts of revisions of its methodology on comparisons, especially over small time intervals (Johnson e.a. 2009). For this reason we have preferred to remain closer to the original source of the comparisons, and to use the World Bank data for the PPP comparisons we use in this Chapter. By 1980, for the European countries, the comparative work had been taken over by *Eurostat* and, from this base, the OECD established its own programme (the OECD includes most of the richer national in the World, including those of Europe). During the 1980s, the overall control of the programme shifted to the World Bank whilst the hand-on expertise rested with the Eurostat officials. Between 1970 and 1985, the price survey had been conducted every five years, with a gap between 1985 and 1995.

When looking at the results of this exercise, remember always that we do not get paid in PPP dollars; we do not earn PPP dollars and we do not spend PPP dollars… they are all statistical constructions. Thus, for a world of real payments and real transactions we should always deal in real dollars. If they buy more in one country and less in another, tough luck, that's life! Thus, if we are looking at the size of economies in a globalized world, at the size of trade and investment flows, at the size of international payments and debts and the size of economies to support it all, we should be using current dollars. There should be no 'debate' on this issue. If, on the other hand, we are looking at the differences in per capita incomes between countries, the ppp statistics are probably more relevant, Since most of the money is spent within the country where it is earned, it makes sense to take account of domestic price differences.

Results

The results for the most recent 'wave' of price comparisons were released in April 2014. The data refers to the year 2011. In the following Table we have listed the fifteen richest countries in 2011 in current dollars and also their GDP when adjusted for purchasing powers. We have also added the five others which did not figure in the top fifteen in current dollars, but which would overtake Belgium (the 15th in current dollars) when gdp is expressed in PPP terms. Among the top countries, the effect of the difference in method is to boost the relative position of the Arab oil states, as well as Singapore and Hong Kong, and to reduce all the advanced Western economies relative to the United States (and to change the rank

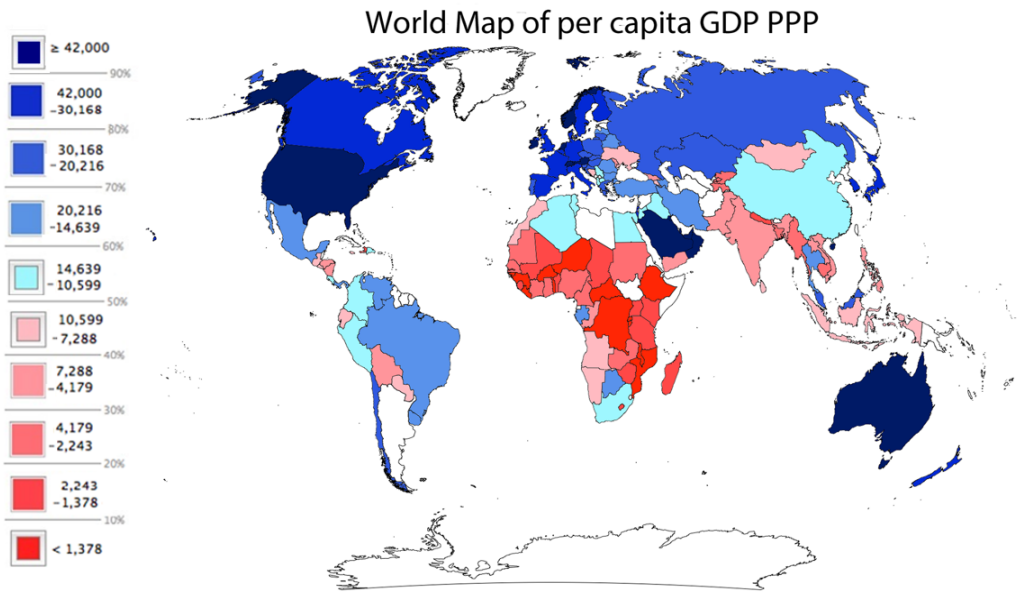
order among them). By the way, the USA remains the same because it provides the reference point to the entire exercise.

Fifteen richest countries in per capita GDP

	Current 2011 dollars		**2011 dollars PPP**	
	Value	Rank	Value	Rank
Norway	99,035	1	61,879	4
Qatar	97,091	2	146,521	1
Switzerland	83,054	3	51,582	6
Australia	65,464	4	42,000	15
Denmark	60,030	5	41,843	16
Sweden	56,704	6	41,761	17
Kuwait	52,379	7	84,058	2
Canada	51,572	8	41,069	18
Singapore	51,242	9	72,296	3
Netherlands	49,888	10	43,150	10
USA	49,782	11	49,782	8
Austria	49,590	12	42,978	11
Ireland	49,383	13	42,042	14
Finland	48,686	14	38,611	19
Belgium	46,769	15	40.093	20
United Arab Emirates			60,866	5
Hong Kong			50,129	7
Saudi Arabia			48,163	9
Oman			42,618	12
Germany			42,990	13

Source: ICP, Purchasing power parities and real Expenditures of World economies, 2014

The effect of this reduction goes down to Israel, which is 28th in rank order. After that, every single country gains relative to the USA (and relation to the other advanced Western economies), though the degree of difference varies between countries. The World Map of per capita GDP PPP is shown below.



Data Assessment

The scale of the ICP is impressive, but a great deal depends on the accuracy of the results, especially in the earlier period. The reasons why there was a ten year break in the series was a recognition that procedures needed to be tightened and officials in other (usually poorer) countries needed to be better trained. When the operation resumed, it was on a far more ambitious scale. By 1985 the number of countries surveyed had increased from ten in 1970 to 62, but that was still less than one third of the world total. The gaps, then as now, were filled by extrapolating regional scores from the data from core countries. In 1996 and 2005 the numbers had jumped to 115 and 146 respectively (Deaton and Heston 2009; Johnson ea. 2009) and for 2011, the coverage will be better still.

The initial point of the ICP exercise was to compare the size of economies (and their components) at a single point in time in the most accurate manner. In the intervals between the survey dates, 'real' national growth rates were taken and anchored to the PPP dollar exchange rates established for the survey year. So, for example, in China's 'real growth', as calculated by the Chinese authorities, in the year before the survey had been ten per cent, it would be expressed by reducing the PPP constant dollar figure in the survey year by ten per cent. The assumption was that there had been no significant changes in price relationship in the intervening period. So one can imagine the embarrassment when major 'discrepancies' occur; the more so when they involve emerging Asia 'giants' like India and China. This is

exactly what happened in 2007 when these two countries were made almost 40 per cent poorer (and some 30 per cent smaller) than had previously been accepted. In 2007, the World Bank, basing itself on extrapolations from the 1996 ICP exercise, had recorded China's per capita income as $6757 and that of India as $3452. The first results of the 2005 ICP exercise (published in 2007) suggested that the figures should be $4091 and $2162 respectively (all in constant 2005 US dollars PPP). Incidentally, the entire Asia-Pacific region was revised downwards. In China's case, several explanations were offered. First, the original data was suspect. China's extrapolation had been made from 1985, since it had not participated in the 1995 exercise, and so there was more time for discrepancies in relative prices to emerge. Second, was that there were deficiencies in the 2005 exercise itself. Only eleven cities had been included in the Chinese survey. These may have been regionally suspect, and may have left the countryside underrepresented. Moreover, in an effort to make the products for which prices were collected more comparable, they may have become less representative. Comparable products (like Starbucks or McDonalds) tended to be at the 'high end' of the market and may not even be consumed by most of the population, who prefer lower price (and possibly lower quality) alternatives. A third element lay in changes in GDP calculation itself, especially in the treatment of government activities, which may have led to their overvaluation. Finally, one would expect changes in prices relative to the United States as (city) economies converge (Hill and Syed, 2011). After all, why should Shanghai be so different from Chicago? This was an embarrassment, it is true, but statisticians will doubtless find a way to smooth and in a few year times, in the revised statistics, we will not even notice.

Note: The new OPC data was published in April 2014 only as a summary report. A detailed analysis will have to await the publication of the final report.

For international comparisons coinciding with ICP base years, the data is possibly the best we can hope for, but what about time series? As suggested above, the method chosen is to take the 'real' growth rates or index numbers reported in the national data up to the year of comparison and convert them relative to the comparative PPP exchange-rate of that year. The problem here is that the further back in time the series extended, the less relevant would be the base-line price comparison. This is partly because the economic structures would have changed but mostly because the goods in the comparison would not have

existed in the same form. This is what the World Bank and the University of Pennsylvania (and Penn World Tables – PWT) are forced to do when they report numbers before 1975 and have done ever since.

I suggested at the start of this section that the results of the earlier ICP exercises were suspect and asked what the latest estimates do for historical time series. The answer, frankly, is nothing. The purchasing power parity results for 1985, for example, have absolutely nothing to do with the GDP results of 1985, expressed in 2011 dollars. They are treated as though they had never existed. The 1985 results, if and when they are published, will be the 'real' (price corrected) national GDP data adjusted, weighted according to the PPP data for 2011. So, if China's PPP GDP is almost five times less than that of the USA in 2011, its real GDP will be 'tracked backwards' so that it gets there. The current relationship is, in effect, frozen in time back to 1985. And when Penn World Tables, of anyone else, gives GDP data for 1700 expressed in 1990 ppp dollars, they are doing exactly the same, but made even worse by the fact that there was no ICP exercise in 1990…. because the officials had acknowledged the suspect nature of their own results.

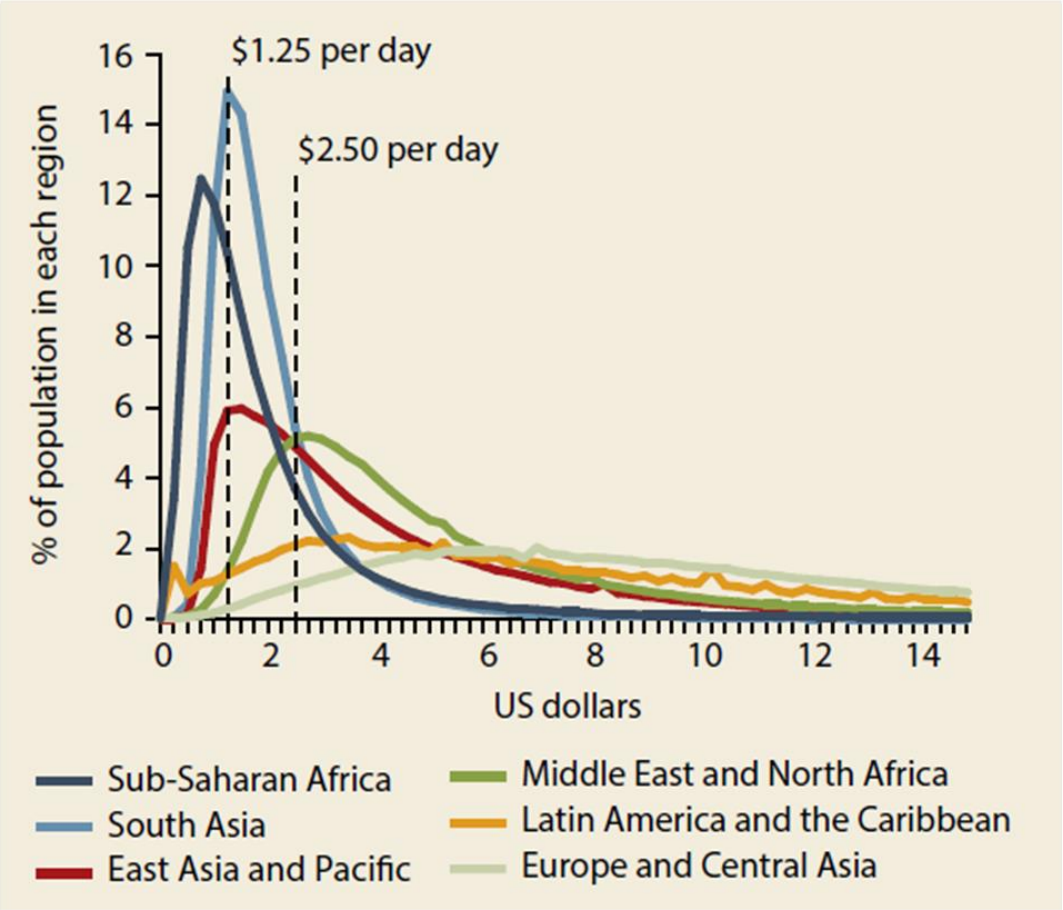
Poverty

Monetising Poverty

Like most people, once it had become available, the World Bank had employed ppp GDP data as a shorthand indicator for the relative wealth or poverty of nations. However, although a country may seem poor, it does not necessarily follow that everyone in that country is poor, or that poor people do not live in slightly more prosperous countries. In its annual *World Development Report* (1990) the Bank announced for the first time the definition a benchmark for measuring global poverty of $1 a day. One should note that this is a figure for private consumption, and not for GDP (which includes investment and government expenditures). The figure was deliberately pitched at the consumption level considered adequate for the poor in the very poorest countries. The World Bank studiously avoided setting a mark for those that could be considered 'relatively poor' since their researchers noticed that the 'official' poverty line tended to drift upwards with overall levels of income. Thus having surveyed poverty lines in different countries, the Bank converted them to a common currency and expressed this in 1985 PPP prices (employing the work being pioneered at the time by the University of Pennsylvania). At the bottom end of the scale they found poverty lines clustering at monthly consumption levels of $23 for the dozen poorest countries, and $31 for the next six in line. The Bank settled on this second figure to produce the 'dollar a day' slogan, since it was catchier and easier to measure. (Ravallion, Datt and Walle, 1991). In the 1981, half of the persons living in developing countries (between 960 and 1348 million people) were deemed to be living in 'poverty' when employing this definition. The proportion had fallen to 42 per cent by 1990. Recently the World Bank repeated the whole exercise, over a wider range of countries and now using the 2005 international price surveys. It fixed a new poverty-line at $1.25 dollars a day, now measured at 2005 PPP prices. Using this definition, the World Bank judged a quarter of the population in developing countries still to be living below the poverty-line. This left the numbers static, but because of the rise in population in the poorer countries, the proportion had seen a considerable reduction over the intervening thirty years (Ravallion, Chen and Sangraula, 2009). As the Figure below shows, the highest proportions living under $1.25 a day were to be found in sub-Saharan Africa and South Asia. The World Bank had also

included a $2.50 figure to assuage those who argued that a higher bench-mark was more appropriate for slightly more developed countries in North Africa and Latin America.

Percentage of Population living in poverty, 2010, by region



Source: World Bank, World Development Report 2014, 5.

Before turning to the criticism of the 'dollar a day' exercise, we should emphasise that the World Bank employs many other measures and indicators in its work and that the definition of a poverty-line, especially at the level chosen, was intended to focus public attention to one of the most burning humanitarian issues of the day. Nevertheless, because it was such a 'head-line figure' and because the data it generated was employed in subsequent policy-analysis and empirical exercises, it did come under fire for several reasons.

One argument was that a global poverty line should be more than an average of the national poverty lines of very poor countries. In addition, since the price-base for the conversion has also been altered, it was impossible to state with certainty, the degree to which the line has

risen or fallen. If, instead, the original poverty line had simply been adjusted for domestic inflation in each country, the discrepancy would range from an understatement of 30 per cent to an overstatement of 157 per cent. This would have the effect of creating violently different scales of poverty; raising the numbers in sub-Saharan Africa and reducing those in Latin America. Furthermore, overlooking for now the questions over the PPP exercise that we have already examined, the fact remains that price data and weightings for PPP conversions were compiled for comparing GDP data and therefore includes many items that will not appear in the consumption 'basket' of the very poor. If, for example, a price comparison were limited to food items only, or even 'bread and cereals', it was argued that in most cases the 'poverty-line' would have had to have been drawn higher. This would have the effect, therefore, of raising the estimates of the numbers of poor falling below it (Reddy and Pogge, 2010). The Bank's reply was that using the poverty-lines employed by poor countries themselves would at least not overstate the scale of the problem. Moreover, any exercise aimed at establishing a single basket of consumption goods would lead to new estimation discrepancies and problems (Ravillion, 2010). Whilst these criticisms remained within the frame of 'monetising' the definition of poverty, there were critics who went further still and who argued for a completely new approach.

Human Development Index

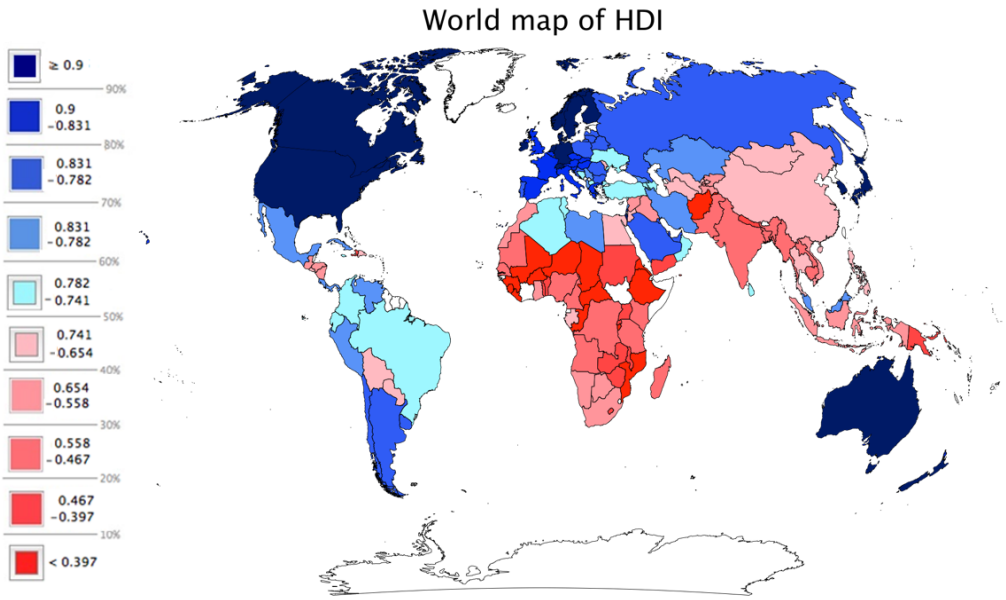
The Pakistani economist, Mahbub ul- Haq had been employed in the World Bank from 1970 to 1982. Whilst in its employ, he had published *The Poverty Curtain* (1976) in which he decried the prominence given by international organisations to economic and monetary targets at the expense of the needs of common people. He argued that the happiness and welfare they deserved were being denied because they were being deprived of the opportunity for personal development. After a brief period as his country's finance minister, he joined the UN Development Programme (UNDP) in 1988 as head of a team to create a human development index (HDI) that would provide a new measure of deprivation. Among his staff was the Indian economist, and later Nobel Prize winner, Amartya Sen. Sen's idea was that human advance should be measured not by 'top down' by such indicators as per capita GDP. It was true that richer nations may have a better protection of human rights, but that was a consequence of exercising certain 'capabilities', which a surfeit of macro-economic wealth may or may not provide. Access to education and access to health allowed

a citizen to exercise his/her rights, independent of whether more wealth slushed around the circles of the elites or not. He did not deny that income should not be *an* indicator of development; it should not be *the* indicator (Sen, 1970, 1980).

In 1990, the year the World Bank announced its 'dollar a day' poverty-line, the UNDP started publishing its annual *Human Development Report*. Each issue highlighted a different dimension of the development problem. The Reports rapidly became the most successful statistics-based publication of its kind that the UN had produced. To correct for the distortion created by the exclusive attention focussed on national income figures, the Report started the publication of a new series that would give a more representative portrait of mankind's condition – the Human Development Index (HDI). At the core of the Index lay three measures – health, knowledge and living standards.

HDI Results

If we examine a decile map of the global distribution of the HDI it is not surprising that the highest levels of development generally are to be found among the higher income countries and that the lower end of the spectrum is filled with poorer countries. After all, income not only represents one third of the index, but is also a factor, though not the only one, influencing expenditure on education and healthcare. However, beyond this general observation, there are other interesting differences at the top end of the spectrum.



Taking the fifteen countries with populations above 1.5 million) it is noticeable that eleven of the fifteen richest countries in the world are also represented at the top of the HDI rankings. New Zealand, which appears high in the HDI rankings gains thirty places compared with its GNI ranking. On the other hand, the oil-rich Arab states which ended high in the GNI rankings, do not appear at all at the top of the HDI. Kuwait fares the worst, losing 57 places between its standing in the GNI rankings and its performance here. The United Arab Emirates and Saudi Arabia lose 27 places and 19 places respectively. At the bottom end of the scale, it scarcely seems worth differentiating among the degrees of deprivation. African countries occupy fourteen all of the fifteen places, with only Afghanistan breaking the pattern. The only consolation is that for countries for which earlier data was available, with the exception of Democratic Republic of the Congo, all countries have substantially improved their absolute HDI scores, even if they have remained anchored at the bottom of the spectrum.

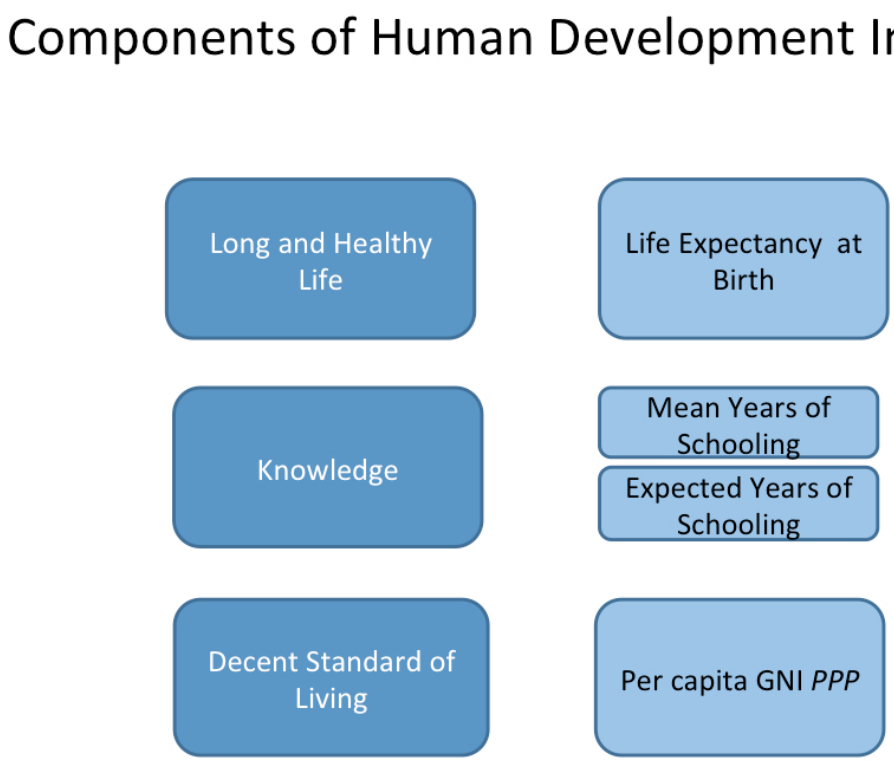
Highest HDI 2012		Lowest HDI 2012	
Country	**HDI**	**Country**	**Pc GDP**
Norway	0.955	Congo DR	0.304
Australia	0.938	Niger	0.304
USA	0.937	Mozambique	0.327
Netherlands	0.921	Chad	0.340
Germany	0.920	Burkina Faso	0.343
New Zealand	0.919	Mali	0.344
Ireland	0.916	Eritrea	0.351
Sweden	0.916	Central African Republic	0.352
Switzerland	0.913	Burundi	0.355
Japan	0.912	Guinea	0.355
Canada	0.911	Sierra Leone	0.359
Korea	0.909	Guinea Bissau	0.364
Hong Kong	0.906	Afghanistan	0.374
Denmark	0.901	Liberia	0.388
Israel	0.900	Ethiopia	0.396

Source: UNDP Database 2014

Data Assessment

From the beginning of the HDI's publication, the three measures in the index have been weighted equally, with each, therefore accounting for one third of the total. This is about the only factor that has remained constant throughout the history of the index. Within each measure, it is obviously necessary to standardise the results to an equal scale. At the moment the practice is to place each observation between a minimum and a maximum and

to express the results as a percentage within that range. The minimums for life expectancy is 20 years and the minimum per capita GNI is $100 (PPP). The minimums for education are zero. The upper ends of the scale are supplied by the most recent result for best performing country in each case. GNI is standardised on a log scale (which compresses differences within the range) while the other two employ the nominal values. What goes into each individual measure has also changed over time.



The last of a succession of revisions was undertaken by the UNDP in 2011. The major change was in the measure used for 'living standards' where GNI was used instead of GDP. The difference is an important one. Countries with large foreign interests, such as foreign investment portfolios or multinational companies, tend to have a higher GNI (which includes earnings from such activities) than GDP. Since less developed countries rarely engage in such activities and developed countries do, the effect is to widen the range of experience within that category and to change the rank-order among countries. A second change was to average individual series using the geometric mean (or average) rather than the arithmetic mean. This had the effect of producing lower index values for all countries because the extent to which a higher achievement in one dimension can compensate lower achievement in other dimensions is reduced. The 2011 report also changed the weighting within the

knowledge category. Whereas previously the (backward looking) mean (average) years of teaching received one third, and the (forward looking) expected years of schooling two-thirds, they were now treated equally (UNDP 2011, Technical Note). This means that it is vitally important, when making comparisons over time, to be consistent in the version employed. Thus, if you look at HDI for earlier years (such as 1980) you will have to do both on the basis of the 2011 definitions, using the most recent (2014) data!

If we are going to assess the accuracy, or rather the efficacy, of the HDI, we need to ask what we mean by development and whether we can really capture all of its facets in one number? This was really the question behind the logic employed by the UNDP when it criticised the World Bank approach. It is surprising, therefore, to find that fully one third of the HDI is still determined by per capita national income (GNI) and that this is now supposed to represent the standard-of-living. In the first place, the statistic is an average and does not reflect the proportion of the population that may be below that number, even far below it. Secondly, per capita national income is not the same as per capita consumption and it is even further removed from the standard-of-living. Part of national income will be diverted into investment needs and other forms of expenditure, such as defence, that have little to do with disposable income. In this respect World Bank did better by defined a global poverty line in terms of consumption. One can criticise the limitation of this vision of poverty, but at least it does approach the poor. This is something that the per capita GNI figure quite demonstrably does not do. And one could argue, whether it tells much more about the potential for 'capacities' enhancement either.

There were criticisms of the contents of the other two indicators as well, although less vehement. Equating the question of knowledge with years of education circumvented the very telling question of the quality of that education in general, and the relevance of education, in particular. Every year the OECD compiles scores for pupils' achievements in mathematics, reading and science. In 2012 a total of 64 countries participated. The top seven places were all occupied by Asian economies, with Shanghai at the top. Of the larger economies, Switzerland and the Netherlands came next in line. Among the poorer countries, Vietnam did very well by coming in at 16th and beating countries like Australia, France, the UK and the USA, the last two ranked 24th and 34th respectfully. At the opposite end of the scale, Peru, Indonesia and Qatar. None of the African states was included in the survey

(OECD, PISA 2012). There was also the question whether access to all years of education should be treated equally, or whether secondary and higher education should not be more heavily weighted, as they have been in various economic models constructed for richer societies. Similarly, critics raised questions over whether health could really be equated with longevity. It was, after all, possible to live longer but in ill health and in many poorer, tropical countries diseases were prevalent that would not kill but could permanently leave you permanently physically or mentally damaged. An improvement in mortality need not necessarily be accompanied by any improvement in morbidity.

The reply to all these types of criticism was twofold. First, there were inevitably be large gaps in the geographical coverage in data required for these kinds of exercise, especially twenty-five years ago when the HDI started. Second, the index was designed to be both simple and transparent. Perhaps too simple, might be the response. National income data was an item in its own right, but money also provides the means to fund improvements in education and health, so it was more dominant than even its one-third weighting suggests. And if it is supposed to be neat and simple, albeit (slightly) imperfect, then one should not endow it with too much importance. Yet this is exactly what the UNDP was accused of doing.

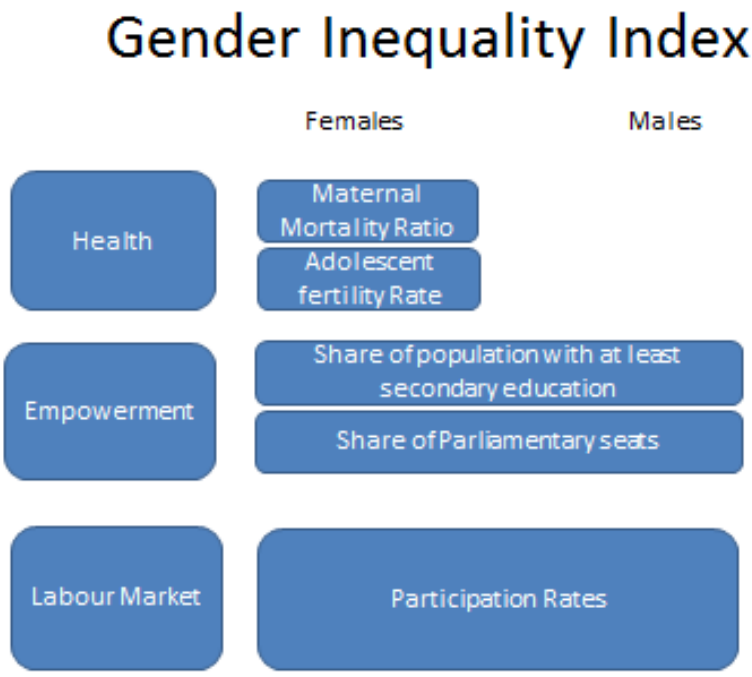
Until 2011, once it had calculated the index, it selected arbitrary cut-off points and grouped countries into one of the following categories of human development - very high, high, medium and low. The very high category was introduced in 2008. Before then there were three categories – low (below 0.5) medium (between 0.5 and 0.8) and high (above 0.8). The problem was that at the fringes of each category the differences were always much smaller than the differences within each category. Thus the labelling exercise imparted to the analysis a pseudo-refinement that the data did not warrant. The UNDP must have taken this criticism to heart because from 2011, after twenty years, they divided the data series into four equal parts (or *quadrille*s, which is the statistical term) in the same way that this book divides its maps into *deciles* (which allows a greater degree of differentiation). Having met the original criticism, one would have expected the UNDP to leave matters there, but no – they have labelled the quadrilles - very high, high, medium and low!

One final group of criticisms on the HDI itself centred on the distortions that were produced in the statistical manipulation of the individual components. These would also have occurred

if raw data had been used, but then they would have been different distortions. Nevertheless, it is important to be aware of them and the UNDP is quite open about them in its annual reports. But accepting these does not mean that there is no effect, nor that these effects do not contain unstated moral assumptions. Without getting lost in detail, by compressing income differentials and changing the boundaries for longevity, the UNDP has effectively reduced the importance of increases in life-expectancy and given extra importance to changes in schooling compared with the previous method of calculation. "A shorter but better schooled life is preferred by designers of the HDI. One is left wondering how many of the world's poor – many living short lives by rich-country standards- would agree" (Ravillion, 2012, 206).

HDI and Gender

One of the constant complaints against the HDI is that it did nothing to capture the different life experiences of men and women in society. It was argued that it was meaningless to give a global number, when it was well-known that half the human race might actually have been following a different developmental path. The response was that even though it was known that in some societies, it was obvious that men commanded the lions' share of resources, and not women, the data for an accurate international comparison was simply not available. In 2010, the UNDP embarked on an attempt to remedy this problem. It calculated inequality indicators separately for men and women and then juxtaposed them to assess the *differences* in inequality that could be attributed to gender. For the female calculation, the UNDP incorporated three components intended to reflect health, empowerment and labour market experience, whereas for men the health component was omitted (we will return to this later).

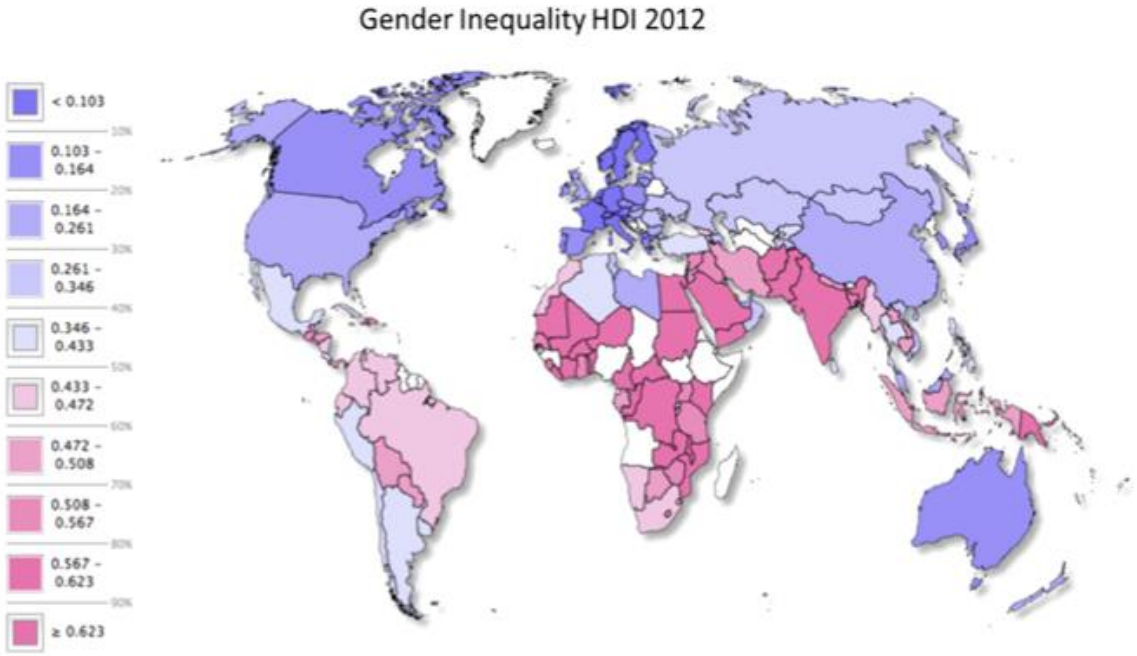


The labour market component comprised the participation rates for males and females, respectively, but it is only a very partial indicator. It says nothing about the hours of work nor about the remuneration. It is almost a truism that throughout the world, women tend to be in lower paid employment categories than men and often, even when they do the same work, they are paid less. It is curious that the UNDP omitted this aspect altogether, since their own report for 2009 contains statistics for the gender pay gap for 154 countries (UNDP Human Development Report, 2009, Table K 186-189).

To make up the empowerment component of the index the UNDP has used the same level of education indicator that was employed that was employed for the original HDI, but in a cruder form (i.e. they have used simple participation in secondary education rather than the number of years of education) which totally ignores the important issue of access to higher education, which in many societies offers a real path to emancipation and empowerment. It is true that they have added a new dimension to the component in the form of the relative number of women representatives in national parliaments (in line with the Millennium Development Goals - see below), but this is a bizarre indicator. Of all the legal and social biases against women, the number of women in parliament can hardly be seen as the most telling.

The UNDP also added a third dimension to cover health. However, unlike the original HDI it does not use the life expectancy data even though it does have data for male and female life expectancy. Had it been used, it would have shown that in every single country in the world for which it had data, with the single exception of Swaziland, women outlived men. However, the UNDP ignored this route and chose instead to construct an index for female health, and female reproductive health in particular, using adolescent pregnancy rates and maternal fatality rates (again, probably in line with the Millennium Development Goals). Leave aside the question whether these components for the health index are the most appropriate, the fact is that obviously these cannot be used for men!

Yet, when the female inequality index is calculated it uses all three components, weighted equally, while the male inequality index only employs two. The final gender inequality index measures the *differences* between male and female inequalities but the inputs into the two parts of the equation are *not comparable*. In addition, just to make life difficult, for gender inequality the UNDP has reversed the scales. For the other indices described in this chapter the closer the results came to one, the better the better the performance. For some perverse reason, with the gender inequality index, the UNDP decided that the closer one got to zero the better. The results, for what they are worth, are shown in the map below (my apologies for the different colour scheme, the map was prepared for an earlier lecture and not for the MOOC)

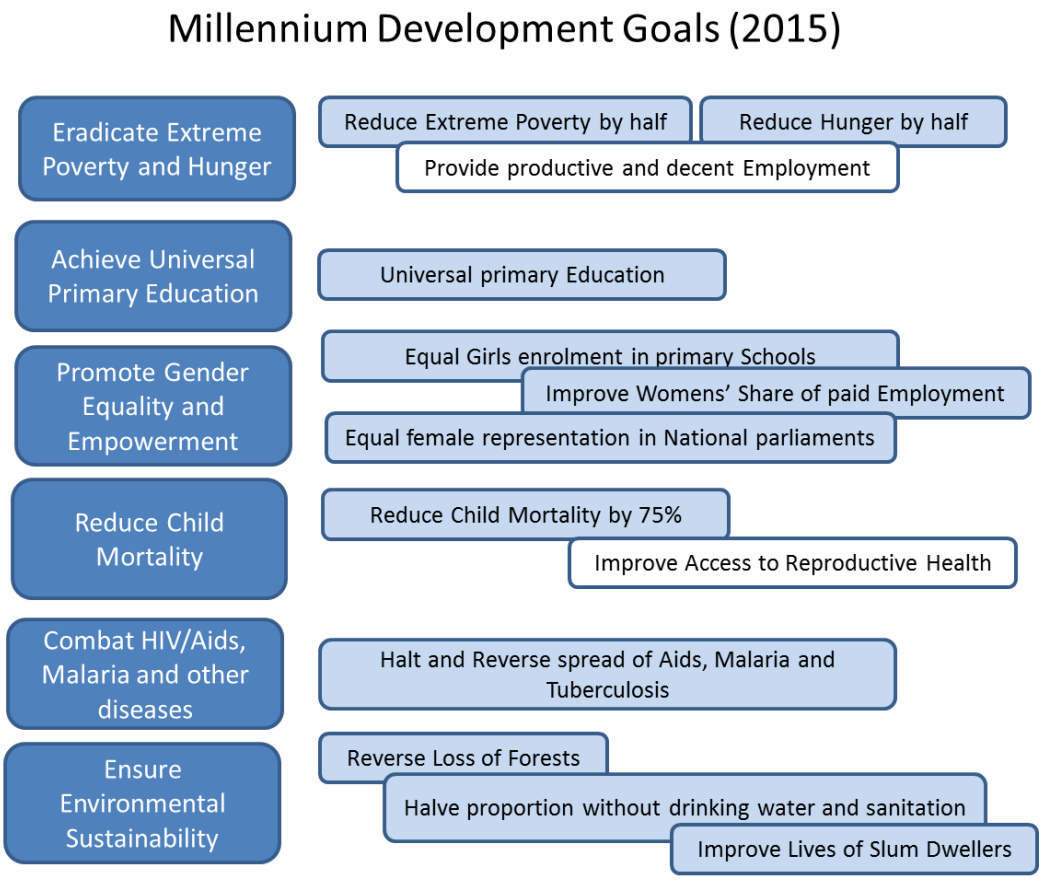


Millennium Development Goals

Possibly a better approach is the 'dashboard method' where the problem areas are measured separately, targeted separately and controlled separately. In the 1990s, as we have seen, both the World Bank and the UNDP began to highlight the issue of global poverty. At about this time, the UN reactivated its practice of convening ad hoc summits on special issues – including the least developed countries, food, population control, female emancipation and a UNICEF summit on the plight of children. In 1995 the main aid donors, convened in the Development Aid Committee of the OECD, formulated a series of narrow economic, social and environmental targets to guide the aid effort, as opposed to grandiose schemes or blanket slogans. In the midst of these activities, the UN was planning a grand Millennium Assembly in 2000, basically to celebrate itself, since its 50th anniversary celebration in 1997 had been largely unsuccessful.

At the Development Summit in New York in September 2000, the World's leaders agreed to an ambitious programme that aimed at the eradication of extreme poverty by 2015. These fell under tow headings – those that would go forward as priorities for implementation and those that were recognised as desirable but would not be a priority, often because of opposition from part of the UN membership. It is interesting that womens' rights were in the non-priority zone (it would be rescued in a later stage) and that family planning had dropped out of the programme altogether. In the course of the following year, these goals were reformulated into eight targets with twenty-one targets and sixty measurable indicators and

they began to enter the public discourse. However it was not until 2005 that the US Republican Administration dropped its opposition that the Millennium Development Goals formally came into effect (Hulme, 2009). These indicators have each been tracked separately and have been applied individually to the member states. Seven of the eight goals, as initially formulated, have been shown in the Chart below (with two additions made later to the original list). The eighth goal referred to the formation of a global coalition. All these goals were to be attained by 2015.



The entire operation has been met with a varied response ranging from those who welcomed a clear statement of intentions and a commitment towards their fulfilment, through those critics who saw them as well-intentioned but irrelevant and finally to those who saw them as a sham designed to deflect attention away from more fundamental critiques of the capitalist system (Hulme 2009, 4-5) However, there was more detailed criticism. Some pointed to the 'costings' of meeting all these goals, the responsibilities of implementing the policies and the very assumption that success could be 'purchased' by a particular level of financial assistance. The realisation of many of the aims lay outside the

direct remit of the policy-makers, whether it be the underlying level of growth (to provide income and employment) and the underlying international trend in food and energy prices (to cushion the purchasing power of incomes). Equally, many of the social goals relied for their attainment of fundamental changes to family values and attitudes to public health, that are less amenable to short-term change and which made many of the goals simply unattainable (Clemens, Kenny and Moss, 2007). This was considered especially the case for Africa, where the starting position was less favourable than elsewhere. As a result, it risks being branded a 'failure' despite broad progress on many fronts (Easterly 2009).

The UN has produced regular reports on the progress towards realising the Millennium Development Goals. Its most recent review claims that the proportion of people living in extreme poverty living on less than $1.25 a day fell from 47 per cent in 1990 to 22 per cent in 2010. Since 1990, 2.1 billion people has gained access to clean drinking water, bring the proportion up to 89 per cent in 2010, from 76 per cent in 1990. Between 2000 and 2010, global mortality rates from malaria had fallen fell by more than 25 per cent and death rates from tuberculosis at the global level were likely to be halved by 2015. The proportion of undernourished people in developing regions decreased had fallen from 23.2 per cent in 1990–1992 to 14.9 per cent in 2010–2012. The UN itself, was quick to admit that much of the relief of poverty was due to the accelerated growth in India and China, and the improvements in nutrition were already being eroded by higher food prices. Even where improvements were visible, the geographical coverage was patchy (UN 2013). To illustrate the state of the play, we have reproduced the UN's own progress chart below.

Millennium Development Goals Scorecard (2013)

Goals and Targets	Africa		Asia				Oceania	Latin America & the Caribbean	Caucasus & Central Asia
	Northern	Sub-Saharan	Eastern	South-Eastern	Southern	Western			
GOAL 1 | Eradicate extreme poverty and hunger									
Reduce extreme poverty by half	low poverty	very high poverty	moderate poverty*	moderate poverty	very high poverty	low poverty	very high poverty	low poverty	low poverty
Productive and decent employment	large deficit in decent work	very large deficit in decent work	large deficit in decent work	large deficit in decent work	very large deficit in decent work	large deficit in decent work	very large deficit in decent work	moderate deficit in decent work	moderate deficit in decent work
Reduce hunger by half	low hunger	very high hunger	moderate hunger	moderate hunger	high hunger	moderate hunger	moderate hunger	moderate hunger	moderate hunger
GOAL 2 | Achieve universal primary education									
Universal primary schooling	high enrolment	moderate enrolment	high enrolment	high enrolment	high enrolment	high enrolment	—	high enrolment	high enrolment
GOAL 3 | Promote gender equality and empower women									
Equal girls' enrolment in primary school	close to parity	close to parity	close to parity	parity	parity	close to parity	close to parity	parity	parity
Women's share of paid employment	low share	medium share	high share	medium share	low share	low share	medium share	high share	high share
Women's equal representation in national parliaments	low representation	moderate representation	moderate representation	low representation	low representation	low representation	very low representation	moderate representation	low representation
GOAL 4 | Reduce child mortality									
Reduce mortality of under-five-year-olds by two thirds	low mortality	high mortality	low mortality	low mortality	moderate mortality	low mortality	moderate mortality	low mortality	moderate mortality
GOAL 5 | Improve maternal health									
Reduce maternal mortality by three quarters	low mortality	very high mortality	low mortality	moderate mortality	high mortality	low mortality	high mortality	low mortality	low mortality
Access to reproductive health	moderate access	low access	high access	moderate access	moderate access	moderate access	low access	high access	moderate access
GOAL 6 | Combat HIV/AIDS, malaria and other diseases									
Halt and begin to reverse the spread of HIV/AIDS	low incidence	high incidence	low incidence	low incidence	low incidence	low incidence	low incidence	low incidence	intermediate incidence
Halt and reverse the spread of tuberculosis	low mortality	moderate mortality	low mortality	moderate mortality	moderate mortality	low mortality	high mortality	low mortality	moderate mortality
GOAL 7 | Ensure environmental sustainability									
Halve proportion of population without improved drinking water	high coverage	low coverage	high coverage	moderate coverage	high coverage	high coverage	low coverage	high coverage	moderate coverage
Halve proportion of population without sanitation	high coverage	very low coverage	low coverage	low coverage	very low coverage	moderate coverage	very low coverage	moderate coverage	high coverage
Improve the lives of slum-dwellers	moderate proportion of slum-dwellers	very high proportion of slum-dwellers	moderate proportion of slum-dwellers	high proportion of slum-dwellers	high proportion of slum-dwellers	moderate proportion of slum-dwellers	moderate proportion of slum-dwellers	moderate proportion of slum-dwellers	—
GOAL 8 | Develop a global partnership for development									
Internet users	high usage	moderate usage	high usage	high usage	moderate usage	high usage	low usage	high usage	high usage

The progress chart operates on two levels. The words in each box indicate the present degree of compliance with the target. The colours show progress towards the target according to the legend below:

- Target already met or expected to be met by 2015.
- Progress insufficient to reach the target if prevailing trends persist.
- No progress or deterioration.
- Missing or insufficient data.

* Poverty progress for Eastern Asia is assessed based on China's data only.

Source: Wordpress.com, Millennium Development Goals – Achieve the MDG's

http://achievethemdgs.wordpress.com/category/mdg-1/

Despite the ostensible failure of the Millennium Development Goals to meet its ambitious targets, and the fact that some were met for reasons outside the programme itself, there is much to be salvaged from the exercise. Against a backdrop of diminishing public enthusiasm

for aid giving, it has served to keep the concrete issues of poverty in the public eye in both the donor and in the recipient countries. In some it has also led to improved statistical and accounting procedures, and had the 'goals' rather been expressed as 'benchmarks' and had they more nuanced, the prospect of 'failure' would have been less oppressive. For here is surely a lesson – that a programme of definite targets and appropriate means to attain them remain a better policy instrument than all-encompassing composite indices.

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