


5-1-1990

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Recommended Citation

Dr. Ranee Khooshie L Panjabi, *Government Policy and the Poor in Developing Countries* by Richard M. Bird and Susan Horton, 10 B.C. Third World L.J. 405 (1990), <http://lawdigitalcommons.bc.edu/twlj/vol10/iss2/8>

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BOOK REVIEW

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GOVERNMENT POLICY AND THE POOR IN DEVELOPING COUNTRIES. By RICHARD M. BIRD and SUSAN HORTON (Eds). Toronto, Canada: University of Toronto Press. 1989. Pp. 219.

In 1985, the University of Toronto hosted a conference on poverty-related policy in developing countries. The articles in this book were originally presented as papers at the conference. The Editors are both economists at the University of Toronto. Though the contributors are also largely economists, some with professional experience in the World Bank, the significance of this work goes beyond the confines of their academic area. The issues, policies and programs which generate international development affect most nations in the world. Development studies has become a major focus for political scientists, historians, lawyers and numerous other professionals who have been drawn to the subject by its enormous scope and by the real life challenges it presents for ameliorating the lot of millions of human beings. Inevitably, mistakes have been made in implementing some development projects. Undoubtedly, errors will continue to be made. However, the work and research of scholars like Bird, Horton and the other contributors should increase awareness concerning some of the problems which have arisen so that at least in some areas, such mistakes will not be repeated. Hence the importance of this work extends well beyond the economic field. Indeed, the organizers of the conference which explored the themes in this book recognized the general significance of their subject and invited commentators from the fields of anthropology, public health, sociology and political science. The introductory chapter by Bird and Horton incorporates the comments of these scholars.

The era of rapid decolonization generated a spurt of enthusiasm for economic development in the newly-independent countries of Asia and Africa. Freed from foreign domination, these fledgling

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nations were determined to raise the standard of living of their vast populations, to bring adequate nutrition, education, housing and health care within the reach of the poorest of their citizens. Ambitious mega-projects were launched in countries like India and gigantic industrialization schemes were initiated. Vast sums in foreign loans and foreign aid supplemented the capital raised nationally to spur development. Now, a few decades later, researchers and scholars have been able to assess the impact of a number of development projects and they can, to some extent, rate their success or failure. The ensuing spate of literature on the consequences of various approaches to development has been enlightening but also rather confusing. One is left with a fairly clear notion of what has and has not worked in any given situation but drawing general principles, applicable uniformly and universally, has proven to be an elusive goal. Inevitably, because local conditions vary from country to country and even from province to province, it unfortunately appears that the only conclusive way to test development approaches may be to implement them and then determine their success or failure. Often determining the result can itself become a challenge because data is inadequate or non-existent. On occasion, intervening factors such as natural disasters or civil war can seriously affect the outcome of a project and render any conclusions on its feasibility difficult.

The contributors to this book have explored the subject by concentrating on the poor to see whether or not various policies have helped to alleviate poverty. As Bird and Horton state, "[t]he unanticipated difficulties encountered in implementing policies aimed at the poor and the current constraints on such policies make it especially important at the present time to learn as much as possible from previous experience."¹ Their conclusion is that ". . . the evidence appears to support the common perception that even those policies specifically intended to aid the poor have not been very successful—and, indeed, have sometimes had quite perverse results."² This view is echoed by a number of the authors who believe that food subsidies, housing, health and education programs have not achieved as much for the poor as was perhaps expected.

Susan Horton's article on food subsidies includes a case study of one such program in Tanzania. Explaining that food subsidy programs can be financed implicitly via producer taxes or quotas

¹ R. Bird and S. Horton (Eds.), *Government Policy and the Poor in Developing Countries* (Toronto: University of Toronto Press, 1989), p.5.

² *Id.* at 4.

or explicitly through the budget,³ Horton concludes that “[f]ood subsidies also have an obvious effect on worsening the balance of trade in food.”⁴ The topic of food subsidies is of global concern as this type of program has, according to one study, been attempted in thirty-one of thirty-seven developing countries between 1968 and 1980.⁵ Food subsidies targeted to specific groups—*not* the very poor—can bring political rather than humanitarian factors to bear on this vital necessity. In China and Bangladesh, recipients have often been civil servants and in Egypt bread has been more readily available in cities than in rural areas.⁶ As Horton explains, “[f]ood subsidies in Zimbabwe, Ivory Coast, Mali, and elsewhere in Africa have been almost wholly urban oriented.”⁷ Her study of the Tanzanian case makes it clear that food subsidies have not been very effective and that “long-run improvements in the food-marketing system in Africa may be a better method of ensuring food security for urban residents than (possibly ineffective) food subsidies.”⁸

Bedeveloped as economists are by the paucity of reliable data, Horton’s conclusions will have to be assessed when further research into the economics and politics of food supply and distribution in the African continent has been completed. Though it is easy to highlight the failures of food subsidy programs in a number of Third World countries, governments in those areas might argue that subsidies are at least a half-measure providing some relief to the population. In the absence of more viable measures, the subsidies may at least have some positive impact. By their very existence, they may lessen the possibility of political disruption in some instances, thereby contributing some political stability, if not optimal economic efficiency.

In another article, contributors Mayo and Gross bring experience in the World Bank to bear on an interesting study of housing projects in developing nations with emphasis on the “site and service” approach to meeting the urgent need for low-cost dwellings for the poor. Site and service projects, sponsored by governments and international aid agencies, have provided

a package of shelter-related services, from a minimal level of ‘surveyed plots’ to an intermediate level of ‘serviced sites’ to an

³ *Id.* at 14.

⁴ *Id.* at 145.

⁵ *Id.*

⁶ *Id.* at 149–50.

⁷ *Id.* at 150.

⁸ *Id.* at 68.

upper level of 'core housing' complete with utilities and access to community-based services, depending on the ability and willingness of beneficiary populations to afford a particular level of services.⁹

The need for shelter is obviously acute. Urban population in developing countries rose 135 percent between 1960 and 1980, leaping from 234 million to 549 million. By the year 2000 this figure is expected to reach 1.2 billion.¹⁰ Unfortunately, there are no universal panaceas for this problem, no uniformly applicable solutions. Though these urban shelter projects have resulted in increased production of housing,¹¹ critics have pointed out that the poor cannot yet afford much of this housing and that the beneficiaries have been better-off sectors of the recipient populations. Additionally, "cost-recovery experience is poor,"¹² and "projects as they are now designed and implemented are not replicable on a large scale."¹³ However, Mayo and Gross conclude, after extensive analysis that: ". . . dramatic improvements can be realized in the ability to reach the poor through sites-and-services projects by finding the 'correct' design standard—the one that reflects true willingness to pay by low-income groups."¹⁴ Unlike many of the critics, Mayo and Gross believe, on the basis of their research, that

By and large, . . . sites-and-services projects appear to have worked as intended: target groups have been reached; affordability by target groups has generally been evident—indeed some groups have been observed to be spending even more than initial affordability targets; reported defaults on account of 'affordability problems' have not been overwhelming.¹⁵

Significantly, Mayo and Gross do not recommend resort to subsidies as these are "likely to be inefficient, sometimes inequitable, and harmful to the long-term viability of the subsidy-granting institution."¹⁶

Contributor Emmanuel Jimenez discusses the theme of the book—poverty-related governmental policies—by examining the issues of health and education, two areas which have involved exten-

⁹ *Id.* at 106.

¹⁰ *Id.* at 108.

¹¹ *Id.* at 110.

¹² *Id.* at 111.

¹³ *Id.*

¹⁴ *Id.* at 125.

¹⁵ *Id.* at 134.

¹⁶ *Id.* at 134–35.

sive state financing in the Third World. The commitment to these two basic needs by most developing nations is reflected by the statistics. In 1975, eighty-two to eighty-seven percent of students were enrolled at the primary level in public schools in Latin America, Asia and West Africa. The comparable figures for secondary school were sixty-seven to seventy-one percent.¹⁷ Education expenses consume approximately sixteen percent of the national budget in developing countries.¹⁸ Health expenditure is considerably lower at approximately three percent for low-income countries and five to six percent for middle-income countries.¹⁹ Public health costs account for sixty-three percent of total health expenditures in Africa, thirty percent in Asia and forty-eight percent in Latin America and the Caribbean.²⁰ Whether one believes that education and adequate health care are both human rights and human priorities or whether one approaches the problem pragmatically to assess the most effective methods of providing such services in a cost-efficient manner, there can be little doubt that the overall significance and consequence of government participation or non-participation in these fields would have profound impact on the populations.

While conceding Jimenez's argument that there is substantial room for improvement, his conclusion that ". . . perhaps, a return to some form of private participation is warranted"²¹ needs to be weighed against the practical difficulties of finding sufficient capital in the private sector of the poorest nations to undertake such ventures. This idea has been shown to be more viable and feasible in the better-off developing countries. The practice of medicine for profit, the dissemination of education to maximize financial yield could have serious social repercussions which would have to be analyzed with care before such ideas were implemented on a large scale.

Jimenez is justified in criticizing the fact that the better-off sectors of the population benefit from educational subsidies; that ". . . the distributions of government subsidies in health and education are, at best, neutral with respect to household income. Indeed, for most types of education, the distribution is highly regressive."²² Jimenez proves his point by explaining:

¹⁷ *Id.* at 81.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.* at 83.

²² *Id.* at 85.

In developing countries as a whole on average, 71 percent of the population in each generation receive none or only primary schooling and obtain only 22 percent of the resources devoted to education. In contrast, the proportion who attain higher education is only 6 percent, but this minority obtains 39 percent of total resources.²³

Further discrimination results from the fact that “. . . spending for given types of urban schools far outstrips spending for rural schools.”²⁴

Jimenez’s proposals to address these inequities include:

- 1) Redirecting investments from higher education toward more primary education;²⁵
- 2) Improving equity by raising user charges in public higher education;
- 3) Gearing educational subsidies to income;
- 4) Instituting user charges for private patients in hospitals;
- 5) Exploring insurance markets for health care coverages;
- 6) Encouraging the private sector to meet the needs of social services in education and health and utilizing government subsidies to provide “adequate health and educational services to the relatively poor.”²⁶

While his blueprint appears to have merit, one cannot help but wonder whether these proposals would address the fundamental issue of inequality. Would such system not result in the creation of excellent care and education for the rich and substandard facilities for the poor? The experience of some developed countries establishes this to be the case. Thus, Jimenez’s proposals may not be the solution to these present problems.

Considering all the facets of development and the implementational problems involved, one can only agree with contributor Albert Berry that history is the best and perhaps only guide to what works.²⁷ In international development, a crucial maxim teaches us that “. . . policy without implementation is nothing, policy plus implementation is policy—and implementation without policy is also policy.”²⁸

Berry examines the subject of agriculture and rural policies for the poor and notes the shift in emphasis in recent years from growth

²³ *Id.* at 90.

²⁴ *Id.*

²⁵ *Id.* at 96.

²⁶ *Id.* at 98–101.

²⁷ *Id.* at 15.

²⁸ *Id.*

as an exclusive priority in development to equity as an important consideration.²⁹ Berry concentrates on certain key areas of agricultural policy. As regards population control, he suggests that “[a] successful population policy has the advantage of virtually guaranteeing successful development sooner or later”³⁰ He also believes that “[r]esearch on improved varieties, techniques of cultivation, machines, etc., will in most countries be the main single key to the advance of agriculture,”³¹ and that, “[l]and reform as the first step towards equitable growth has no substitute”³² To alleviate the plight of the rural poor, Berry also proposes improved public education, preventive health care, access to clean water, rural nutrition and family planning programs.³³ One can only applaud his comment:

There must be some way to meld the inputs of the planners at the centre . . . with those of the facilitators and the rural population. The system requires continuous communication and interaction among these groups, one requirement which is a good dose of humility among the planners at the centre of the system.³⁴

Contributor Gerald Helleiner’s concerns are to ensure that each country and its problems and objectives get the careful analysis it deserves because “. . . simple generalized answers . . . are of dubious value.”³⁵ Helleiner concentrates on the impact of International Monetary Fund adjustment programs on the poor, especially in Africa south of the Sahara. Helleiner’s belief that universal application of similar policies to different environments will have diverse consequences is very valid. The impact of adjustment programs on the poor requires more attention, for cuts in public spending are likely to have an adverse effect on them.³⁶

The role of taxes and the impact of taxation on the poor have been considered by contributors Bird and Miller. Explaining that taxes on goods and services contribute about fifty percent of total government revenue in developing nations,³⁷ these authors con-

²⁹ *Id.* at 175.

³⁰ *Id.* at 195.

³¹ *Id.* at 196.

³² *Id.* at 198.

³³ *Id.* at 203–04.

³⁴ *Id.* at 205–06.

³⁵ *Id.* at 34.

³⁶ *Id.* at 7.

³⁷ *Id.* at 61.

clude that “. . . the tax systems in most developing countries are not, contrary to popular belief, particularly regressive.”³⁸ Their research indicates, however, that:

The poor, especially the urban poor do pay substantial taxes. The extent, nature, and perhaps duration of their poverty are affected in many ways by the characteristics and operation of the tax system The interaction of taxation and poverty is thus an important subject for research.³⁹

Clearly, the conclusions, proposals and suggestions made in this book merit careful study and analysis by policymakers in both developing and developed nations. The clearest conclusion to emerge from a thorough reading of this book is that far more research needs to be done in the various fields covered by these authors. Though one need not underestimate their contribution, the ultimate significance of this book may well be more in its posing of further questions than in the answers it provides. The identification of the “poor” is itself a challenging task, particularly in economies where rapid changes, both positive and negative, could outdate a precise definition in no time. The Editors have suggested that comparative studies and historical case studies might enhance our understanding of the problems in developing countries.⁴⁰ The dangers of oversimplification and generalization without adequate proof are obvious. This is why more study is not merely an academic but a policy priority. Many of the extravagant programs of international development have not realized the goals and hopes of their planners. If these mistakes of the past do not serve to instruct the present and caution the future, the number of victims of such misplaced schemes will multiply. Ironically, the majority of those whose lives have been and may well continue to be detrimentally affected—the poor—are the very people so many of these programs were designed to help. Their plight deserves global awareness, urgent consideration, careful thought and effective action.

³⁸ *Id.* at 9.

³⁹ *Id.* at 72.

⁴⁰ *Id.* at 19.



