# Crisis? What Crisis?

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In 1968, the World Bank set up a commission of inquiry chaired by former Canadian premier and Nobel laureate Lester Pearson to review twenty years of aid to the Third World. The report spoke of a "crisis of development." Since 1968, the sense of crisis has remained. Indeed, if anything, it has grown. In 1989 there was an International Conference on Crisis of Development in Uganda. Andre Gunder-Frank spoke of the development crisis in his 1990 essay *The Underdevelopment of Development.* Bruce Rich linked "The Crisis of Development" to the World Bank and environmental impoverishment in his 1994 bestseller *Mortgaging the Earth.* More recently, the UN's Millennium Development Goals have been a source of a growing sense of crisis across the development community, with urgent calls for ever greater flows of aid –enough to meet the 0.7 percent of GDP target for rich country assistance levels first suggested by the Pearson Commission 37 years ago.

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If, as suggested by this continual litany, we have seen forty years of generalized 'development crisis' –with its connotation of dangerous decline throughout the developing world, affecting five billion people— this would be a significant indictment of government leaders, international organizations and transnationals, NGOs and businesses. In particular, it might suggest that those who despair of aid having an impact have a point –the last 42 years has seen ODA and official aid transfers worth something in the region of $2 trillion, after all.[2]

Perhaps parts or all of the development community deserves condemnation, but it would be nonetheless hard to argue that there has been a generalized 40-year crisis of development. There have been many tragedies, certainly –war, famine and disease have all taken far too large a toll, affecting hundreds of millions. Only in this last year we have seen the horror of Darfur, estimates suggesting that South Africa's population will actually shrink between now and 2015 due to the crisis of AIDS, and the impact of a tsunami magnified by weak infrastructure and fragile institutions. But there has been no sustained and widespread global decline in development fortunes. Indeed, over the past forty years, even the concept of 'stagnation' can only fairly be applied if we limit ourselves pretty much to one indicator (GDP per capita) and one region (Africa).

[2] Calculated from World Bank *World Development Indicators.*

The picture for GDP per capita worldwide is one of divergence, with rich countries growing faster than poor. And for Africa in particular, it is a picture of very slow or zero growth over the long term. Nonetheless, excepting Africa, it is also a picture of increase, leading to a considerable fall in the number of people living in absolute poverty. Over the 1960-92 period, the proportion of the world living on a dollar a day fell from 44 to 23 percent according to Francois Bourguignon and Christian Morrisson, today the figure probably stands closer to13 percent.[3]

And, otherwise, the general picture is of rapid, historically unprecedented progress -- progress that has been more rapid in the developing world than the developed. This is true for quality of life variables covering health through education, civil and political rights, access to infrastructure and even beer production. The evidence suggests that almost every potential quality of life variable shows significant variation across countries, representing considerable divergence in global quality of life at some point in the past. But the evidence also suggests that more recently (for the second half of the Twentieth Century) the story is reversed –it is one of convergence. If one uses the measure most commonly used on the growth literature –termed 'beta convergence'— 100 percent of the non-income variables are converging. By any common measure, over 85 percent of the variables are converging.[4]

[3] Bourguignon, F. and C. Morrisson (2002) Inequality Among World Citizens: 1820-1992 *American Economic Review* 92, 4.

[4] Kenny, Charles (2005) Why Are We So Worried About Income? Nearly Everything That Matters is Converging. World Development 33,1.

Starting with life expectancy, global average life expectancy has risen from 51 to 69 years between 1950-1999. In 1950, the twenty percent of countries with the lowest life expectancy only averaged lifespans about half as long as those in the top twenty percent (quintile), this increased to two thirds by 1999. We have seen dramatic global improvements, ones concentrated in the developing countries that were furthest behind, then. Related to this progress is that, worldwide, the proportion of the World's population living in countries where per capita food supplies are under 2,200 was 56 percent in the mid 1960s, compared to below 10 percent by the 1990s.

Between 1950 and 1999, the percentage of adults worldwide who were literate increased from 52 to 81 percent, and the bottom quintile increased their literacy rates as a proportion of the top quintile from one eighth to more than one half. Progress has been particularly heartening for women. Over the 1970-2000 period, the global average ratio of female to male literacy has improved from 59 to 80 percent. Driving this improvement was rapidly expanding access to primary education and a reduction in child labor rates. Post-war, the percentage of the world in primary school increased from 6 to 9 percent. The percentage of children not in the labor force (and so available to go to school) has also risen and converged over the 1960-2000 period, the average percentage rising from 76 to 90 percent.

On a number of measures of infrastructure provision (electric power, cars, radios, and telephones per capita as well as the percentage of the population with access to clean water), the picture is similar: falling variance even as average levels have increased rapidly. And finally, turning to an indicator that may have a place in a happiness index of economic contentment, and certainly gives hints as to growing levels of 'non-necessary' consumption, beer production per capita worldwide has nearly doubled on a weighted average basis from 1950 to 1990, whilst global variation in production has fallen. The bottom 20 percent of the world, on an unweighted basis, has almost quintupled its beer production over those forty years compared to the top twenty percent of the world.

This remarkable progress has been truly global. Africa has benefited as much as Asia or Latin America. Countries that have seen no economic growth have seen almost the same levels of progress on broader indicators of development as have countries that grew rapidly.

Again this is not to argue that the whole world is anywhere close to perfect. Progress in social indicators has seen a considerable slowdown in the last ten years. African countries remain too far behind the West in terms of infant mortality, maternal mortality and life expectancy, for example, with too many deaths from easily preventable ailments. Nonetheless, over the course of the last fifty years we have seen the reversal of centuries-long patterns of divergence in the quality of life between nations.

This success should give us confidence in our abilities to overcome the many and considerable development challenges which remain, and suggests a different, or at least additional, strategy for attracting resources for that fight. The Pearson report back in

1968 used the clarion of crisis to call for a response from rich countries of much increased aid flows, equal to 0.7 percent of their GDP. Thirty-five years later, those calling crisis are using the same strategy. Surely it is time to retire it.

It is atrocious that children still die in their millions in the developing world from easily preventable causes. Who could look a bereaved mother in the eye and explain why the combined wealth of the West could not deliver a $3 bed net for her child felled by malaria. But it does not help to generate the resources for bed nets, or vaccines, or potable water if we continually cry 'crisis.' Suggesting that the governments, donors, businesses and NGOs that have long struggled to deliver the services required for improved outcomes have failed so miserably over the last thirty years that we remain in crisis surely suggests more resources to these same actors would only be a waste –that if there is still a crisis, development actors have only themselves to blame.

It is clear that there is a good deal that developing countries and the development community could do to better deliver basic services. But these all too often corrupt and usually inefficient organizations have nonetheless played a role in a widespread, unprecedented revolution in the quality of life of people worldwide over the last fifty years. Governments and donors have been key in expanding educational opportunities, in improving access to infrastructure, in providing basic health care. This success, rather than continued failure leading to crisis, is surely the reason that developing country governments and their development partners deserve continuing, growing support that would have us reach the 0.7 percent aid target.