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Economic Growth And Social Well-Being: The Asean Mismatch
ECONOMIC GROWTH AND SOCIAL WELL-BEING: THE ASEAN MISMATCH

Asean's economic progress in the past two decades has made it one of the fastest growing regions of the world. But has increasing prosperity resulted in a corresponding improvement in the quality of life of its 264 million people? The broad indicators show that economic advance has brought increased social well-being but a closer look raises many disconcerting questions.

Why is it that the expectation of life in Malaysia has hovered around 65 since 1965 and infant mortality around 31 per 1,000 live births since 1976? Why is that Thailand's richest region, the central plains, shows no improvement in infant mortality since 1971? Why is it that half of all Indonesians are still below the poverty line?

Before going into the answers, let us first look at the relevance of health, education, and environmental protection to development. Unless the links are clearly recognised, needs in these areas are unlikely to get the requisite priority in the determination of national policies or, even more important, an adequate share of governments' budgetary funds.

Deficiencies in health reduce the capacity to work, a platitude that needs repeating because the extent of the loss is not well understood. A World Bank study of construction workers in West Java showed that 85 per cent were infected with hookworm, a chronic ailment which is rarely acute enough to cause absenteeism but its debilitating effect is just as serious in terms of earnings of piece-rated workers.

Education's role in improving earning capacity is yet another platitude, but empirical evidence of the improvement was lacking until recently. Studies undertaken in the last few years have shown that four years of primary schooling increases the output of a farmer by about 8 per cent even if he has to make do without any extra inputs needed for improved farming. For farmers with access to education as well as complementary inputs, the gain maybe as much as 20 per cent - as a Malaysian case study of 1973 shows.

The quality of environment is now receiving attention in all Asean countries but awareness remains limited that poverty is the biggest single cause of deterioration. There are very few instances of action at the grassroots level although that is where collective social effort is most needed to arrest soil erosion, prevent water pollution and protect the ecosystem which yields fish and other aquatic supplements to the food supply.
One way of judging whether Asean governments show a reasonable degree of concern for social needs is to look at the pattern of their budgetary expenditures. The last year for which an international comparison covering all five countries is available is 1979. In that year, all of them except Indonesia were spending a larger proportion of their total budgets on education than the average for less developed countries (IDCs). The same was the case for health outlays. It is equally encouraging that the expenditures on defence were below the average for IDCs except in the case of Singapore.

This overall picture masks however the fact that defence pre-empts a larger share of government spending than health in every country. Quoting the latest figures available to it, the UN Economic and Social Commission for Asia and the Pacific points out in a May 1983 report that health outlays on a per capita basis varied from one-seventh of that for defence in Malaysia to about one-third in Indonesia. A similar per capita comparison with educational expenditure presented by the World Bank is less distressing: these merited a slice of the same size as defence in the Philippines and Thailand and a bigger one in Malaysia, but thinner ones in Indonesia and Singapore.

No matter how clear the linkage between economic development and social well-being, the latter inevitably suffers when budgets are tight - as they are likely to be for many years not only in the Asean countries but also in most of the world. Budgetary strains will obviously be reduced if the size of the population that governments have to provide for grows less rapidly. A slower increase in numbers will mean a correspondingly slow rise in national consumption, leaving more savings available for accelerating development of both the economy and the social infrastructure.

Population growth has slowed in four Asean countries but alas not in the biggest, Indonesia, which accounts for 57 per cent of the total. The latest available figures from the World Development Report 1983 show that the rate of increase in 1970-81 was 2.3 per cent a year against 2.1 in 1960-70. This outcome is a bitter disappointment for Jakarta's policy-planners. The effort and funds they have lavished on one of the world's largest and most purposeful family planning programmes have still to bring in the results devoutly hoped for. In contrast, Singapore has achieved remarkable success: its growth rate of 1.5 per cent is one of the lowest in the Third World.

Unless the desire to limit families becomes stronger and more widespread, Asean's population of 264 million in mid-1981 will rise to 319 million in 1980 (+21 per cent), 385 million in the year 2000 (+46 per cent) and peak at 685 million (+159 per cent) by 2140. These figures projected by the World Bank are not predictions: they are based on recent
trends in births, deaths, age of marriage and the like and will change if these variables alter. In other words, Asean is not doomed to have to sustain such a large population; the numbers will be smaller if there is a will to arrest growth.

A qualification should be added at this point to put the issue in perspective. Even with the kind of success Singapore has now achieved, the number will continue to grow because of the present age patterns. Higher growth rates of past years mean that the number of women in reproductive age will keep rising even after women bear on the average just enough daughters to replace themselves. Singapore will be the first Asean country to reach the latter condition in the year 2000 but it will not reach a stationary population till 2035.

Given such a long lead time, the task of holding numbers in check brooks no delay. In fact, Indonesia's recent disappointments underline that even initial results will be slow in coming - pointing to the need for both the earliest possible start as well as the determination to sustain the effort through the tough years during which a tangible change may elude a country. Jakarta's continuing commitment should thus be a lesson to all its Asean partners as well as others in the Third World.

Two recent policy pronouncements call for notice in this context; namely Malaysian Prime Minister, Dr. Mahathir Mohamad's declaration that Malaysia should aim to increase its population five-fold to 70 million (or twice as much as the stationary level of 35 million it is likely to reach in 2100) and the even more recent Singapore drive to persuade educated couples to bear more children. Neither of these hopes is likely to be realised because the decline in growth rates (that is now evident in both countries) is even more difficult to reverse than an uptrend.

Two pre-conditions for slowing population growth is that infant mortality should go down and the bias for sons checked. Both factors tend to increase the number of total births and hence the rate of increase in a situation of falling mortality. Dealing with the first requires wider and better health care facilities and higher incomes to ensure adequate nutrition.

The bias for a male heir derives from age-old economic considerations which have acquired the character of religious imperatives. A direct challenge to religion has to be avoided in Asean countries as in other LDCs but the economic rationale can be weakened with a greater share for women in gainful employment. But this is not going to happen if men in large numbers are without jobs.
In other words, population planning cannot really work except in conditions of economic growth. There is a vicious circle in operation here: poor growth and low income levels tend to aggravate population increases which in turn act as a check on growth. Given this circular causation, efforts to curb population must go hand in hand with those to promote growth.

The same circularity - and indeed common sense - suggest that the health status of a country - for which infant mortality rates and life expectancy serve as convenient proxies - depends upon its income. It is thus not just a fortuitous coincidence that the rate for both is identical in the Philippines and Thailand where per capita incomes in 1981 were US$770 and 790.

It is also no coincidence that both have about the same level of resources available for health care. The population-doctor ratio is 6,599 in the first and 7,215 in the second (as against 12,630 in Indonesia, the worst off among the Asean five). Again, the population/hospital beds ratio was 671 and 752 respectively (as against 1,443 in Indonesia). Policy orientations of governments do make a difference; but only at the margin as we can see from the fact that the Philippines, though slightly poorer, had somewhat better social services than Thailand.

To take a quick look at one major issue in Asean countries in the field of health, enteritis and diarrhoeal diseases remain leading causes of death as elsewhere in the Third World. This reflects the deficiencies in supply of protected water. Even in a country as well off as Malaysia, 60 per cent of the rural people are without piped and treated water. Another way of looking at it is to divide the entire Malaysian population into five groups (quintiles) ranked according to income levels. In the first group, i.e. with the lowest income, assured water supply was available to only one in five families, and in next bracket to one in three. Ironically, the poorer they were, the larger the percentage of their income spent on obtaining water: more than 4 per cent in the lowest group and less than 2 per cent in highest.

Compared with health status, educational advancement is not as closely related to national income levels. If it was, the Philippines would not have had 63 per cent of its children in the 12-19 age group in 1979 in secondary schools whereas Thailand's figure was only 29 per cent (and that of incomparably richer Singapore 55 per cent). There were similar anomalies in relation to those in the 20-24 age group receiving tertiary education: the Philippines figure of 25 per cent was at odds with Thailand's 13 per cent and even more so with Singapore's 8 per cent and Malaysia's 3 per cent.
Once again, the relationship between development and the quality of environment is circular. The less the development, the greater the danger in today's conditions of population pressure and rising consumption needs. The more serious the deterioration in the environment, the higher the costs the society has to bear for stop-gap or emergency measures - to alleviate, for example, floods or water pollution. The greater this cost, the greater the diversion from investments for growth.

But as in the case of other circularities, it would be foolish to wait fatalistically for development to put the situation right. The pursuit of social well-being through deliberate and judicious measures must proceed simultaneously with the quest for growth.
To an extent, the number of years of schooling tends to be longer in countries with fewer employment opportunities. Parents keep on schooling their children in preference to their idling at home. In both Malaysia and Singapore, a very large proportion of secondary school leavers give up studies at that stage to take up jobs available to them with the result that enrolment in higher education is low (exceptionally so, compared with the average of 13 per cent for countries with comparable incomes).

With the Asean five having already reached 100 per cent enrolment at the primary level, or something close to it, the focus must now shift to improving the quality of education at this level and to increasing the proportions receiving further education. This follows from the fact that the average enrolment in industrial countries at the secondary level is 89 per cent of the relevant population and at the tertiary stage 36 per cent, well above those of the Philippines which heads the Asean league.

Both quality improvements and extension of education would be needed to be geared more closely than they are today to the actual needs of each country. In circumstances like Thailand's, with little likelihood of a significant rise in the secondary schooling ratio, primary courses need to be redesigned to make them more functional in the sense of equipping the child with some elementary vocational knowledge. Likewise, the vocational content of secondary schooling - now practically nil for the mainstream of students - will have to be even more substantial.

Apart from health and education, the third social goal that development should subserve is the prevention of environmental deterioration. It may seem that environment is a physical problem rather than a social one but that is not really so. If the poor were less hard-pressed, the short-term need for survival would not push them into encroaching on forests, or force them to live personally and socially unhygienic lifestyles.

This is not to say that the affluent are guiltless in relation to environment: they too have been reducing the carrying capacity of land and water by seeking to maximise their rewards at the cost of the future - as for example Indonesia's notorious logging companies. But their depredations are more amenable to control. All Asean countries have now adopted environmental legislation but its enforcement still leaves much to be desired. This is partly because of the lack of an adequate political will, a reflection of the power of industrial lobbies, and partly because environment issues are still not in public focus and hence the weakness of popular pressures for adequate enforcement.