Zahabia Saleem, John A. Donaldson

Pathways to poverty reduction

Article (Accepted version) (Refereed)

Original citation:
(Saleem, Zahabia and Donaldson, John A. (2016) *Pathways to poverty reduction.* Development Policy Review, 34 (5). pp. 671-690. ISSN 0950-6764

DOI: 10.1111/dpr.12167

Zahabia SALEEM, London School of Economics
and
John A. DONALDSON, Singapore Management University

Title: Pathways to Poverty Reduction

Abstract: Of the myriad approaches to reducing poverty, which have proven effective? This research paper analyses 15 systematically selected national cases of demonstrated rapid poverty reduction, seeking insights on effective approaches to reducing poverty. From these 15 economies, in which the bottom quintile experienced an annual increase in income of at least 6 per cent over at least a decade, emerge four poverty-reduction pathways: i) industrialisation, ii) rural development, iii) social welfare and iv) petroleum-generated employment. In addition to helping us understand what policy approaches have actually helped reduce poverty, this paper has implications for understandings of economic growth, the impact of pro-growth policies, the relationship between state and market, and the roles of non-government organisations, civil society and democracy.

Keywords: Growth, Industrialisation, Rural Development, Poverty, Policy

Acknowledgements: The authors greatly appreciate the research team consisting of Pearlyn NEO Hui Min, Ambrish BANDALKUL, CHAN Weng Hong, CHENG Sai Pong Adrian, Yoganand "Yogi" CHILLARIGE, Meera KANHERE, Elycia KOH Yew Tee, Jeremy LEE Junxiong David, Eileen LEE Yi Hui, Pheobe LUO Mingxuan, Elvin ONG Jiayun, Faridah Bte Mohd SAAD, Pratima SINGH, Eugene TAN Jia Rong, Andrea TANG Mei Jie, TIM Mou Hui, Wilson YEO Weixiang. Additional thanks go to Nurulsyahirah "Sya" TAHA, Siddharth "Pod" PODDAR, Joanne CHAN Karen and Jennifer MILEWSKI

Corresponding author:

John A. DONALDSON
Associate Professor, Political Science
School of Social Sciences
Singapore Management University
Level 4, 90 Stamford Road
Singapore 178903

jdonaldson@smu.edu.sg

+ 65-6828-0295 DID Number
+ 65-9387-5450 Cell phone number
+ 65-6828-0423 Fax number

Pathways to Poverty Reduction

[Author names, affiliations and acknowledgments removed]

Abstract: Of the myriad approaches to reducing poverty, which have proven effective on a national scale? This research paper analyses 15 systematically selected national cases of demonstrated rapid poverty reduction, seeking insights on effective approaches to reducing poverty. From these 15 economies, in which the bottom quintile experienced an annual increase in income of at least 6 per cent over at least a decade, emerge four poverty-reduction pathways: i) industrialisation, ii) rural development, iii) social welfare and iv) petroleum-generated employment. In addition to helping us understand what policy approaches have actually helped reduce poverty, this paper has implications for understandings of economic growth, the impact of pro-growth policies, the relationship between state and market, and the roles of non-government organisations and civil society.

Keywords: Growth, Poverty, Industrial Development, Rural Development, Policy

INTRODUCTION

> A major common theme underlying all these streams [of ideas on poverty] is diversity – diversity of ways in which people perceive and experience poverty, diversity in how poor people strive either to escape poverty or to cope with it, and diversity of policy interventions needed for combating poverty. (Osmani 2003:1)

Issues of poverty, development, growth and how they intersect have been widely discussed and debated. Yet we still face the question: out of the myriad approaches to reduce poverty, which have proved effective on a national scale? In an influential report entitled *The Growth Report*, Nobel Laureate Michael Spence and his associates at the Commission on Growth and Development identified and analysed a set of 13 'successful' countries, or those that grew 7 per cent a year for at least 25 years. The authors argued that this diverse set of high-growth countries provides insights for developing countries seeking to reduce grinding poverty. A much-cited study entitled "Growth is Good for the Poor" attempts to fill in this gap by demonstrating the causal link between economic growth and poverty. The World Bank economists, David Dollar and Aart Kraay, who authored the study conducted one of the most comprehensive large-N studies in this field, from which they deduced that economic growth drives poverty reduction and concluded that 'the general relationship between growth of income of the poor and growth of mean income is one-to-one' (Dollar and Kraay, 2002:196). Based on these conclusions, the authors of both studies advocated macroeconomic policies in favour of the free market as being crucial to poverty reduction. This approach has dominated the thinking of mainstream economists, as well as international organizations and other powerful institutions. As we will see, none of the 15 examples of rapid poverty reduction we identified though World Bank data follow the neoliberal prescription that World Bank economists Dollar and Kraay advocate.

These two major studies linking economic growth with poverty reduction, while prescribing similar solutions, followed different methodologies. Dollar and Kraay followed a deductive approach, which entailed statistical analysis of variables such as economic growth, agricultural development, or civil society (Kambhampati, 2004). Within the social sciences, attempts to identify and isolate single factors that relate statistically to poverty reduction have been the most common approach. However, even though this approach provides a comprehensive understanding of certain factors that reduce poverty, it glosses over the interplay among these factors within their context. *The Growth Report*, by contrast, follows the alternative inductive approach, by describing and analysing systematically selected high growth countries.[1] This allows the authors of *The Growth Report* to identify historical patterns and construct frameworks to explain them, giving us vital insights into what might work today to alleviate poverty. This is in many ways a more useful approach, one that can examine how highly successful countries achieved their accomplishments. Not surprisingly, the report's conclusions are more nuanced and practical than that of Dollar and Kraay's more abstract study. However, the *Growth Report's* weakness is that it assumes economic growth to be the silver bullet to poverty reduction. In this way, the report's authors echo Dollar and Kraay by concluding,

[1] Examples of academic studies that adopted an inductive approach to study poverty reduction include Kambhampati (2004), Kohli (2004), and Mehrotra (2002)

‘Growth is not an end in itself… Growth is, above all, the surest way to free a society from poverty,’ (Commission on Growth and Development 2008, 13-14).

METHODOLOGY

Yet, if one of the central points of economic growth is indeed the reduction of poverty, should we not spend less time examining the fastest growing countries, and concentrate more on those that have achieved a high rate of poverty reduction? Taking *The Growth Report* as our basic model, we identified and analysed countries that experienced a substantial and sustained increase in the incomes of its poorest.[2] In this forum, we cannot analyse our examples as thoroughly as those in the 198-page report. Yet, even this limited examination reveals that there is no magic ingredient to end poverty. As highlighted by Siddiq Osmani at the beginning of this paper, there exists a diverse range of contingent pathways to poverty reduction. This paper identifies four such poverty-reduction pathways that were traversed by the 15 countries studied here: (i) industrialisation, (ii) rural development, (iii) social welfare and (iv) petroleum-generated employment. While these categories capture the essence of the policies employed, they are not mutually exclusive. Additionally, while none of these paths are entirely new, they provide a counterpoint to scholars who advocate a single pathway or set of policies – a

[2] Unsurprisingly, seven countries on our list of success stories overlap with *The Growth Report*, although it remains quite different. Eight of our 15 countries are not on their list, while six of their 13 cases are not included in ours. Furthermore, *The Growth Report* focuses mainly on the drivers of economic growth, whereas we focus on the factors affecting poverty reduction.

silver bullet – as the best way to achieve development and poverty reduction. An understanding of the differences and interactions between these pathways also helps weigh in on several debates that are central to the development literature.

We believe that an inductive methodology is best when conducting a study on the most effective pathways to poverty reduction. We purposefully sampled for a smaller number of extreme cases on the basis of certain criteria because they provide rich information for deeper study (Patton, 1990), allow for contextualisation of differences and similarities between cases as well as a degree of generalisation. We then use historical analysis on this sample – by necessity, brief for each case – which involves looking at a defined period and understanding the on-going processes. This allows the assessment of the importance of growth-oriented policies in poverty reduction against others alternative approaches, and the possibility of comparing different cases (Mahoney and Rueschemeyer, 2003:12).

Our sample consisted of countries that experienced rapid and sustained poverty reduction, allowing us to explore the means by which they achieved such success. This sample was obtained from Dollar and Kraay's (2002) extensive dataset on economic growth, income and inequality. Their dataset comprised of 953 observations of 137 countries between the years 1950-1999, and drew secondary data from national household surveys. Their data on Gini coefficients were taken from four different sources, including the UNU-WIDER World Income Inequality Database (2008). Dollar and Kraay's dataset provides a comprehensive basis for comparison because it reflects the experience of hundreds of countries over the past few decades. However, there are certain limitations with regards to the reliability and generalisability of their data. Critics have noted several methodological problems, such as implausible income changes in some countries, the exclusion of the poorest countries and most time periods in the last 45 years, too much variation in the number of observations for each country, and likely dependence on data from one or two sources (Ravallion, 2001). In addition, their definition of the poor (lowest quintile, or 20 per cent of earners) and poverty reduction (income increase of lowest quintile) remains problematic, as this is a relative measure that may not be meaningfully compared to other countries. Furthermore, poverty goes beyond mere economic measures and should encompass, for example, the failure to meet basic human needs, vulnerability in lapsing back into poverty, or social exclusion (Osmani, 2003). Since we adopt the same dataset, we adopt the same limitations of their data. Nevertheless, the data are appropriate for this paper for three reasons. First, the dataset is complete enough to allow us to differentiate the countries that achieved substantial and sustained overall income growth as per *The Growth Report* from those that achieved income growth for their poorest. Second, despite the out-dated data, our key aim is to use Dollar and Kraay's dataset and their definition of the poor (i.e. the lowest quintile) to counter their claim that gains in poverty reduction are driven by growth-inducing policies. Instead, we highlight the policy pathways of successful countries, which all include substantial non-market interventions (regardless of democratic or authoritarian governments). Third, using the same data as Dollar and Kraay allows us to verify whether the policy solutions to poverty as indicated by their report – as well as *The Growth Report* – are indeed the pathways traversed by these successful countries.[3] Using the same dataset allows us to test their conclusions more directly.

[3] While the Dollar and Kraay data are incomplete, alternatives seem to help us less. For

Our criteria to determine successful cases include: (1) a substantial income increase of the lowest quintile, and (2) this increase should be sustained for a significant period of time. The authors of *The Growth Report* chose the criteria of 7 per cent annual growth over 25 years because they argued that economies growing at that rate would double in a decade. This study applies a similar methodology – but not to economic growth but poverty reduction. Here, we chose different minimal criteria: an income increase of the lowest quintile by 6 per cent per annum over 10 years, a still-robust record. Reducing the criteria from 7 to 6 per cent per annum enables us to include ten additional countries based on the dataset and hence provides a more diverse and inclusive regional representation. Moreover, we would suggest that a decade of income growth for the poor sustained at that rate is a sufficiently long period to analyse structural changes and establish the medium-term sustainability of the pathways in achieving poverty reduction. Indeed, many of the countries in our sample saw sustained growth in the income of the poor for much longer periods – the average period is just over 15 years, and two sustained the pace of growth for more than two decades, according to our data. Moreover, we attempt to confirm the World Bank data using separate measures of poverty reduction. As we shall see, both of these criteria led to strong growth for the income of the poor.

instance, an attempt to apply a similar methodology using World Development Indicators did not succeed, in large part due to major holes in the data.

Based on these criteria, 15 countries[4] qualify (see Table I) - three from Southeast Asia (Indonesia, Thailand, Singapore), four from East Asia (Japan, South Korea, Taiwan, Hong Kong), five from Western Europe (the Netherlands, Italy, Finland, France, Norway), one from South America (Peru), one from the Caribbean (Trinidad and Tobago) and one from West Central Africa (Gabon). For each, we sought to confirm the Dollar and Kraay data using separate sources of information. Then, we considered alternative explanations of the poverty reduction. Due to lack of space in this medium-N study, however, we presented only our bottom-line conclusions, which we used to categorize each country and the most important pathway we thought explained the data. To be sure, each case is much more nuanced that we could present here, yet we feel comfortable that they fit within these broad categories. The next section categorises these countries according to their poverty-reduction pathways, and analyses the similarities and differences between and within each pathway.

IDENTIFYING PATHWAYS

A brief examination of the policies applied by these 15 countries allows us to formulate four broad pathways: (i) industrialisation, (ii) rural development, (iii) social welfare and (iv) petroleum generated employment.

1) Industrialisation

[4] Although we acknowledge that Hong Kong and Taiwan are not recognized as countries, for simplicity's sake we use the term countries to refer to all the cases in this paper.

Six countries (Japan, South Korea, Taiwan, Hong Kong, Singapore, Thailand[5]) developed their economies and reduced poverty primarily through state-led industrialisation (Woo-Cumings, 1999; Castells, 1992; Krongkaew and Kakwani, 2003). Consistent with Dollar and Kraay's figures, several studies confirm that absolute poverty in all these countries had also declined dramatically. In South Korea, absolute poverty plunged from 41 to 2.1 per cent in the period 1965-1992; in Taiwan, from 55 to 0.5 per cent in 1964-1980; in Hong Kong, from 7 to 2 per cent in 1976-1991; and in Singapore, from 31.9 to 7.2 per cent in 1973-1983 (Tang, 1998). In Japan, declining poverty and rising living standards helped reduce infant mortality rates from 30.7 to 10 per cent between 1960-1975 (Uzuhashi, 2009). The number of poor people in Thailand decreased from 17.9 to 6.8 million from 1988-1996 (Krongkaew et al., 2006).

The major factors contributing to poverty reduction in these Asian countries were a structural shift to labour-intensive manufacturing, supported by education and housing policies. In the cases of Japan, South Korea, Taiwan and Thailand, this pathway was also undergirded by previous rural development (elaborated in section 2, below). First, during the initial period of industrialisation, the countries structurally shifted the emphasis of their economies from agriculture to labour-intensive manufacturing. Incentives such as subsidies and credit facilities were provided to promote the production of exports

[5] Scholars argue that because Thailand possessed only intermediate state institutions and government intervention in the industrial sector was limited, it should not be classified along with the first five countries as a 'developmental state' (Krongkaew and Kakwani, 2003). However, Thailand is grouped with the other developmental states because, while it is not a developmental state per se, it shares the key characteristics identified here.

(Ishikawa, 1997). Due to the large pool of poor but well-educated workers, the manufacturing sector could exploit this cheap and disciplined labour, thus reducing unemployment and poverty (Luo and Li, 2008).

Although this phenomenon occurred in diverse and specific ways, the common denominator was an active government. Even as all these countries shifted their strategies from import substitution to export-led growth, South Korea, Japan and Taiwan still restricted certain types of imports to protect certain domestic industries from foreign competition (Castells, 1992). In Japan and South Korea, important government agencies such as the Ministry of International Trade and Industry (MITI) and the Economic Planning Board focused on strategic industries by directing investment towards these sectors (Johnson, 1982; Moore, 1984-1985). In addition, whereas Japan and South Korea tightly controlled inflows of foreign direct investment, smaller countries like Singapore, Hong Kong, Thailand and Taiwan welcomed and relied on foreign investment to develop the industrial sector (Castells, 1992). Thailand relied on foreign capital and private initiatives to privatise industries and develop infrastructure in both the urban and rural areas (Warr, 1991; Krongkaew and Kakwani, 2003). In Singapore, the Economic Development Board was instrumental in attracting foreign investment in the manufacturing industry (Castells, 1992).

Moreover, these countries experienced a varied industrial mix. Taiwan and Hong Kong supported small- and medium-sized companies by providing training programs and credit services (Castells, 1992). This gave firms the flexibility to adapt to the changing demands of global markets, while also enabling entrepreneurship from small players. In contrast, Japan and South Korea promoted large conglomerates (known as *chaebols* in South Korea) to achieve productivity and international competitiveness through economies of scale (Castells, 1992). Japan also integrated small companies into the *keiretsu* structure through several layers of small subcontractors supporting larger companies (Johnson, 1982). As noted earlier, Singapore and Thailand mainly relied on multinational corporations to establish large-scale manufacturing in their countries (Castells, 1992, Vimolsiri, 1999).

Second, although the governments of these Asian countries provided only minimal welfare benefits, they established comprehensive national education and extensive public housing systems. All these countries heavily invested in primary and secondary education: literacy rates in the Asian Newly Industrialised Countries exceeded 90 per cent by the 1980s (Tan, 2004), which kept income inequality relatively low during these periods. Education brought an adaptability to structural economic changes as well as enhanced opportunities for upward mobility (Handelman, 2003). However, Thailand was an exception as secondary school participation rates were among the worst in East Asia and did not improve during the period under study (Sirilaksana 1993). The governments of Singapore and Hong Kong provided subsidised public housing to reduce the vulnerability of their population from relapsing into poverty. Since these governments owned most of the country's land, state-sponsored public housing was provided at a subsidised cost to its citizens (Chia and Chen, 2003; Post, 1993), improving urban planning and eliminating urban slums. Hong Kong's safety net has also been credited with the promotion of small-scale trading, manufacturing and start-up companies by encouraging risk-taking and entrepreneurism (Castells, 1992).

2) Rural Development

Indonesia and Peru primarily targeted rural development. Since most of their poor are rural-based tenant farmers, small farm holders and landless labourers who lack formal education and rely mainly on agriculture, the effect of rural development was dramatic (Mellor, 1995). In Indonesia, the Sajogyo poverty line[6] showed that the percentage of rural poor declined impressively from 51.2 to 10.2 per cent in the period 1970-1987. In Peru, while the economy grew on average less than 1 per cent in 1971-1981, the incomes of the lowest quintile increased by more than 8 per cent annually. In this category also belongs other previously analysed countries; Japan, South Korea, Taiwan and Thailand also applied this pathway to support industrialisation, a crucial factor not commonly recognised in the developmental state literature (Mellor, 1995). Overall, the rural development strategy incorporated several facets, including land reform, agricultural policies and improvements to rural infrastructure.

The first important measure was redistributive land reform. In Indonesia, the government implemented land reform from 1960-1965, setting a ceiling on land ownership and redistributing surplus land to peasants (Utrecht, 1969). As a result, the average area of owned land was less than a hectare in the 1970s (Booth, 2000). In Peru, for its part, term of Peru's President Juan Velasco Alvarado (1968-1975) was characterized by nationalization of the petroleum and other industries, as well as compulsory land reform policies and broader education policies (Lopez & Valdes, 2000; McClintock, 1981). As many argue, the land reform of 1968 had an immediate impact on the poor as it affected 50 per cent of a population consisting mostly of small- and

[6] Set at the rice-purchasing power of 240kg of milled rice per month for consumption and expenditure, this is an effective measurement of rural poverty in Indonesia, as the rice purchasing power was the standard measure of welfare for rural families (Booth 1993, p. 57).

medium-sized farmland owners (e.g., Wilson and Wise, 1986; Webb 1977). These top-down reforms have received much criticism – they failed to produce lasting growth in agriculture, and the economic stagnated (e.g., Alberts 1983). Yet, the income of the poor in Peru increased by more than eight percent per year over that time as peasants benefited from land reform and other redistributive policies. Between 1972 and 1985, inequality also declined sharply with the share of the total income of the poorest 60 percent increasing from 18 to 27 percent, according to one survey (Glewwe, 1988). Japan, South Korea, Taiwan and Thailand also implemented land reform prior to the abovementioned time periods (Castells, 1992; Johnson, 1982). More equitable land ownership effectively reduced class divisions, allowing agricultural modernisation to benefit poor farmers. Thailand was however an exception; although land holding was historically more equitable in Thailand compared to South Korea and Taiwan (Chatterjee, 2005), the 1975 Agricultural Land Reform Act mostly benefitted the top quintile, whereas the households in the first quintile owned relatively less land in 1980 than in 1975 (Chiengkal, 1983; Krongkaew, 1985).

Second, targeted government spending on agricultural development was instrumental in reducing rural poverty. Indonesia's most important agricultural policy was the stabilisation of rice prices. This provided low, stable prices to the poor and guaranteed a market for rice farmers, thus improving food security. In addition, the government invested in agricultural development, such as high-yielding rice varieties, irrigation rehabilitation, and an ambitious extension and farm credits program. Increased food productivity and food supplies supported an increase in food consumption for the general population (Timmer, 2004). Furthermore, despite modernisation, farming methods remained mostly non-mechanised and labour-intensive, which allowed widespread gains for poor farmers and landless labour (Booth, 2000). South Korea and Japan also implemented agricultural policies such as subsidies, designed to protect farmers' incomes from suffering due to industrialisation as well as to promote agricultural surplus to drive industrial development (Ishikawa, 1997; Hyun et al., 2001). These measures were effective in enhancing the livelihoods of the poor, and also in balancing income distribution.

Third, investments in rural infrastructure reduced poverty by providing full-time and seasonal employment to unskilled labour in the construction sector. This increased non-farm sources of income, integrated the rural and urban sectors by decreasing transaction costs for the rural population, and developed rural areas by providing vital infrastructure (Moore, 1984-1985; Osaki, 2003; Timmer, 2007). Indonesia's government heavily invested revenues from the World Bank and oil into public works such as roads, ports, irrigation and water systems. This initiative was aimed specifically at providing employment to the rural poor and enhancing agricultural productivity (Booth, 2000). South Korea also implemented a large-scale rural development project (known as the Saemual Undong Movement) to construct better transport and communications systems in rural areas, and to improve the physical environment of the villages (Moore, 1984-1985). During the seventh Six-Year National Economic and Social Development Plans (NESDP), Thailand allocated funds for rural infrastructure such as roads and electricity supplies (Vimolsiri, 1999). Thailand, Indonesia and Peru also provided basic education to the rural population in order to improve their skills and enhance their chances of obtaining non-farm-related income (Haggard and Kaufman, 2008; Vimolsiri, 1999; Rock, 2003). This indirectly lifted many out of poverty, as people who left their villages to seek employment typically transferred remittances to their impoverished family members (Osaki, 2003). Taiwan, on the other hand, developed its rural areas by encouraging labour-intensive manufacturing based in the countryside. The decentralisation of industrialisation benefited both rural and urban residents as it prevented a massive uprooting of rural surplus labour to cities and acted as income substitution for farming households, or in some cases, increased overall household incomes. Overall, agriculture played a secondary role (Castells, 1992).

Thus, integrated rural development policies helped to improve the living conditions of the rural poor in Indonesia, Peru, Japan, South Korea, Taiwan and Thailand. It is true, that for the latter four countries, this pathway played a supporting role to subsequent industrialisation. Nevertheless, without adequate attention paid to rural development, economic growth in these countries might have harmed the poor (Mellor, 1995). It is also important to note that Indonesia shifted to the industrialisation pathway and downplayed agriculture in the 1980s (Timmer, 2004). During this period, the country's statistics no longer justify the inclusion of Indonesia in the list of successful poverty reducers.

3) Social Welfare

To reduce poverty, the Netherlands, Italy, Finland, France and Norway mainly provided welfare benefits. Although it is difficult to obtain absolute poverty rates during the 1960s and 1970s[7], independent statistics show that in the Netherlands, relative poverty declined from 20.5 per cent to 4.3 per cent before and after welfare transfers, respectively (Bax, 1995). This is consistent with Dollar and Kraay's data. In Italy, the income share of the lowest quintile increased from 5.2 per cent in 1972 to 7.5 per cent in 1982 (UNU-WIDER Database, 2008). Countries who followed this pathway implemented various social security programs to help the poor and allowed the growth of unions. First, their governments introduced welfare benefits for the unemployed, disabled and elderly, minimum wages, education and healthcare subsidies, as well as housing and family benefits, among others (Roebroek, 2006; Bax, 1995; Gustafsson and Pedersen, 2000). These considerable state-spending programs were largely funded by taxes (although the Netherlands and Norway enjoyed additional income from oil), and ensured that the most vulnerable in society were well protected (Peters, 1991). During the 1960s and 1970s, the Dutch government provided nationwide welfare policies to its citizens, reducing their dependence on other institutions such as family and religious communities (Bax, 1995). The government introduced laws such as the 1963 General Public Assistance Act, the 1966 Disability Security Act and the 1975 Public Disability Act, which guaranteed citizens a wide range of state benefits. In Italy, the welfare system was more decentralized and less comprehensive than those of other social welfare states, yet the increase in social expenditure between 1960 and 1985 protected the economically vulnerable (Saraceno, 2002; De Luca and Bruni, 1993). The most important aspects of the

[7] Detailed measurement of poverty rates and the resulting data was not done in a cohesive manner across countries before the pioneering Luxembourg Income Study (LIS) began in the early 1980s, and then only across a certain sub-group of countries in Western Europe.

Italian social welfare system during this period were old-age pensions and the Wage Supplementation Fund (CIG). The CIG was also a way of dealing with excess labour in the market by compensating the unemployed or those working less due to economic factors (De Luca and Bruni, 1993).

Second, increasingly powerful unions encouraged and complemented these growing welfare states. Well-organised unions represented employees in collective wage bargaining with employers, while the state sometimes intervened as a facilitator or broker between the two parties. In Italy, unions accomplished the most in improving income distribution for the poor. Their egalitarian demands translated into laws such as the Charter of Workers Rights, which enhanced job security and thus reduced vulnerability (Brandolini et al., 2000; Erikson and Ichino, 1994). The unions also demanded greater income equality, resulting in the Scala Mobile, a wage indexation scheme introduced in 1975 that granted all employees the same absolute wage increase (rather than the same percentage increase) for each point rise in the consumer price index. Blue-collar workers then benefited through these disproportionate increases in their incomes, compared to their white-collar counterparts. In contrast, the corporatist unions of the Netherlands, Finland and Norway were more focused on collective wage bargaining (Bockerman and Uusitalo, 2006; Kettunen, 2001; Van Ours, 1992). Ultimately, the unions' efforts ensured wage security and decreased wage inequality.

4) Petroleum-generated Employment

Ironically, most countries richly endowed with natural resources struggle to develop economically and politically, a much-studied phenomenon called the ‘resource curse’ (e.g., Sachs and Warner, 2001; Collier, 2007; Stevens, 2003). Yet, for many years, the countries of Gabon and Trinidad and Tobago were exceptions, at least as far as poverty reduction is concerned. Trinidad and Tobago and Gabon utilised surging oil revenues in the 1960s and 1970s to expand employment for the poor. Consequently, the proportion of the population living below one dollar a day in Gabon decreased from 66 to 15 per cent for the 25-year period between 1960-1985 (United Nations Economic Commission for Africa, 2003). In Trinidad and Tobago however, while the income share of the lowest quintile more than doubled from 6.05 to 13.54 per cent between 1971-1981 (UNU-WIDER Database, 2008), approximately 25 per cent of the population still lived below the poverty line in 1975 (World Bank, 1995), which highlights the limitations of using any one measure of poverty reduction, and of this pathway in particular.

Nevertheless, the poverty reduction achievements of both Trinidad and Tobago and Gabon were linked to their economic success, driven largely by their export of natural resources and higher oil prices in the 1970s. However, it is in some ways puzzling that the oil booms are a major factor in these cases, because the oil industry is normally capital-intensive and typically excludes the poor from most of the job opportunities generated in the sector (Auty and Kiiski, 2001). These countries were no exception, since in Gabon, while the primary sector (90 per cent oil) made up 50 per cent of GDP, it only employed 10 per cent of the population (World Bank, 1997). However, Gabon and Trinidad and Tobago were atypical rentier states because their governments used oil revenues to increase employment opportunities for the poor in construction and the public sector.

First, the government created employment for the poorest citizens by funding large-scale economic and social infrastructure projects. In Trinidad and Tobago, total government capital expenditure as a share of GDP increased from 5 per cent in 1973 to 19.4 per cent in 1981. (Downes, 1998). The government introduced the Special Works Program in 1971 to construct much-needed infrastructure in various regions of the country (Pollard, 1985). Similarly in Gabon, the government launched several infrastructure projects, most notably the large-scale Transgabonais Railway, and also undertook massive urban construction, building hotels, theatres, and convention centres prior to the Organisation of African Unity Summit convened in 1977 (Tordoff and Young, 1999). The extensive expansion of the construction sector directly benefited the poor as it employed unskilled labour at wages higher than those in the agricultural sector (Auty and Gelb, 1986; Wunder, 2003).

Second, these extra finances enabled their governments to expand their bureaucracies and generate public sector employment. In Trinidad and Tobago, discontent with the government in the early 1970s was a motivation for the government to offer jobs to the poor in a bid to gain their support, and between 1975 and 1985, the public sector employed almost a quarter of all workers (Baker, 1997). The government also increased existing public sector wages to match the private sector, even for the lower echelons of the civil service where employees were generally less skilled and educated (World Bank, 1995). To further promote employment, the government launched an ambitious nationalisation program (McMahon, 1997). In a similar fashion, Gabon’s president

Bongo hired large numbers of the poor into the expanding public sector and parastatals (World Bank, 1997). These mechanisms supplemented remittances in ensuring that growth benefited the poor (World Bank, 1997; Wunder, 2003).

Third, consumption subsidies and formal social safety nets in Trinidad and Tobago worked in tandem to assist the most vulnerable to poverty in society. The government increased subsidies for gasoline, cement, food and public utilities from TT$ 264 million in 1978 to TT$ 861 million in 1981 (Auty and Gelb, 1985). Three key social welfare policies were also introduced: the National Insurance System, Old Age Pensions Program and Public Assistance Program to improve the conditions of the disabled, the elderly and the female-headed households.

This pathway thus demonstrates that poverty can be reduced through generous government expenditures that generate construction and public sector employment, financed by natural resources. However, the governments following this approach tend to emphasise short-term employment gains, neglecting long-term investment returns. This had negative implications for both countries as the gains made by the poor were reversed in the late 1980s when oil prices decreased rapidly, contracting the respective economies and fiscal spending and impacting unemployment rates as a result (Turner-Jones et al, 2003; Tordoff & Young, 1999).

ANALYSIS

Contesting Growth and Growth-Inducing Policies as the Sole Factor for Poverty Reduction

One thread of argument regarding poverty contends that there is (i) a strong link between economic growth and poverty reduction and (ii) a causal connection between liberal economic policies and economic growth. To most such researchers, Dollar and Kraay amongst them, an increase in overall growth will proportionately reduce poverty, and that the most effective way to achieve this pro-poor growth is through neoliberal policies of free and open markets and stable macroeconomic policies. The present study allows us to ask: Did the countries that have successfully reduced poverty actually follow this route as these theorists expect?

First, while economic growth was no doubt one of the important factors in increasing the incomes of the poor, it was neither the only nor the most important one. The seven out of 15 countries were among the fast growers that appeared in *The Growth Report*. These are all from Asia and according to our analysis, they mainly followed the pathways of industrialisation and rural development. However, it is important to note that while these countries managed to sustain a growth rate of at least 7 per cent per year for 25 years (apart from South Korea and Taiwan), none of the other countries sustained an increase in the incomes of the poorest by 6 per cent for nearly as long. As an extreme example, Singapore grew rapidly between 1978 and 1983, with per capita economic growth averaging 5.8 per cent per year, but the incomes of the poorest decreased by 1.3 per cent due to structural changes in its economy from labour-intensive manufacturing to more capital-intensive processes [citation omitted].

These Asian countries aside, Trinidad and Tobago and Gabon also experienced economic growth from the oil boom in the mid-1970s, which benefited the bottom quintile of the population more than it did the rest of the population (IBRD 1995; World

Bank 1996; Zafar 2004). For example, Gabon's discovery of oil and subsequent oil boom in the 1970s supported two decades of economic growth, which averaged 9.5 per cent each year, making Gabon one of sub-Saharan Africa's wealthiest nations. The Western European countries that followed the pathway of social welfare, together with Peru which mainly relied on land reforms, managed to achieve considerable gains in poverty reduction through redistributive policies, not economic growth. To be sure, these Western European countries were well developed and could sustain the provision of welfare benefits for decades. For example, Norway's average annual economic growth was 2.8 per cent between 1979 and 1984 but the incomes of the poorest quintile increased by 14.6 per cent. In Peru, while the economy stagnated between 1971 and 1981, the incomes of the poorest increased by more than 8 per cent. Based on these examples, it seems that economic growth can help reduce poverty in some cases but it is not a critical factor, let alone the most important. The evidence is clear: ties between poverty reduction and economic growth should be understood as contingent, yet this association is too often assumed, not demonstrated, to be causal.

Second, we turn to the question of whether policies designed to promote growth also have a positive impact on poverty (Woodward and Simms 2007, 139). Dollar and Kraay (2002) advocate pro-market policies, arguing that these are tied with economic growth, and thus poverty reduction. *The Growth Report* sets out five common characteristics of high and sustained growth: openness, macroeconomic stability with an emphasis on modest inflation, high investment and saving rates, market allocation where prices guide resources and resources follow prices, and leadership and governance (Commission on

Growth and Development 2008, 22). Did any of the countries that experienced rapid poverty reduction follow this path?

It is helpful to start our analysis of pro-growth policies with the seven Asian countries on our list that are also found in *The Growth Report*, as these policies have purportedly been derived from them (see Table I). Several earlier studies of these East Asian countries argue that the phenomenal growth rates in these countries were due primarily to liberalisation and export-led growth (Bhagwati 1993, World Bank 1993). However, these studies fail to acknowledge the intricacies of achieving export-led industrialisation. The East Asian economies can scarcely be called open since, as discussed earlier, these countries implemented protectionist policies to protect infant industries, introduced private sector-oriented regulation and somewhat controlled capital outflows and inflows (see for example Chang, 2006; Jomo, 2003; Wade, 1993). They also emphasised pro-investment policies over modest inflation rates (particularly in South Korea and Japan) and high savings rates (Chang 2006). Furthermore, Korean policymakers implemented 'blatantly anti-competitive policies' to achieve economic growth and poverty reduction (Chang, 2006:101-102). As many have noted earlier, these East and Southeast Asian countries achieved economic growth and poverty alleviation not through neoliberal policies, but through policies targeted at economic growth that spurs employment and disproportionately improves the lot of the bottom sectors of society. For their part, neither Dollar and Kraay (2002) nor the authors of *The Growth Report* give sufficient acknowledgement to these crucial non-market aspects of the East Asian miracle countries. Furthermore, they do not address sufficiently the role of redistributive policies (such as land reforms and public housing policies) that are contrary to market allocation.

If the neoliberal model does not fit the countries studied also studied in *The Growth Report*, then it corresponds even less to countries that followed the pathways of social welfare and oil-generated employment. Countries that followed the social welfare pathway did not achieve poverty reduction by opening their markets and letting market forces rule, but by implementing social policies that protected the poor and redistributed the wealth of the country. Oil-rich countries did benefit from economic growth, but they channelled that growth to benefit the poor by creating employment opportunities. This was partly done though high levels of investment in infrastructure but not necessarily with free and open markets and stable macroeconomic policies.

Role of State and Non-Government Organizations

If the market played a less prominent role in these countries' success in poverty reduction, what was the role of the state, and of non-government organizations? There has been much debate on the role of the state and its relationship with the market. Neoclassical economists argue that the state should limit its role in the market (Friedman, 1962). However, the burgeoning literature on developmental states concludes that proactive state intervention in markets is crucial for development and poverty reduction (Kohli, 2004). The 15 cases illustrated nuanced and mutually beneficial relationships between state and market, indicating that pro-poor government intervention must go beyond market regulatory functions to incorporate activities such as guiding markets and redistributing some national income. These 15 governments directly guided economic reforms in the pathways of industrialisation, rural development, social welfare and oil-generated employment. While the East Asian miracle had been attributed to a market-based approach by some (World Bank, 1993), most scholars recognise the essential part played by the government – even that of the colonial government in Hong Kong – in guiding the economy and the industrialisation process (Johnson, 1982, Castells, 1992). As stated above, the Asian governments pursued specific industrial policies and invested in strategic industries, protecting them from foreign competition. Countries like Indonesia and Peru favoured the agricultural sector, investing heavily in rural infrastructure to improve the productivity of farmers. The governments of the oil-producing countries of Trinidad and Tobago and Gabon intervened to channel oil revenues into infrastructure projects and expansion of the public sector. The welfare states redistributed the country's wealth to the poor. The state increased taxes, transferred large amounts of income and provided generous benefits for the unemployed and disabled, as well as social services like universal health care and education. In developing countries, the strong hand of the state was required to direct and shape the economy in ways that benefited the poor, similar to how states in more developed countries distributed economic gains to the poorest citizens. Thus, the role adopted by these governments is linked to the level of economic development.

The active role of NGOs, especially unions, was also essential in spurring the efforts of some of these governments. The unions were an important mechanism in Europe to negotiate wages and empower workers (Van Ours, 1992). The demands of the unions translated into egalitarian laws that protected workers rights, especially in Italy. Furthermore, in Norway, Finland and the Netherlands, the church played a critical role in ensuring high enrolment rates for primary education, while women's organisations advocated for equitable provision of education and health facilities (Gustafsson and Pedersen, 2000). Another example is Trinidad and Tobago, where strong and well organized unions drove nationalism and forced the government to expand the public sector (McMahon, 1997). However, in the countries that followed other pathways, civil society played a less significant role in poverty reduction. East Asian governments actively repressed civil participation, including unions and the media, justifying their actions by appealing to stability. Some argue that this assisted these countries' economic development and poverty reduction during the selected periods (Leftwich, 2000; Castells, 1992). For example, Japan only sanctioned MITI/company-formulated trade unions that were supposed to serve the interests of both workers and companies. However, from 1970s onwards, the government could not curb the increasing worker demands and revolts (Johnson, 1982). South Korea similarly had repressive labor laws that blocked union activity; however, following sustained and violent labor strikes in 1987, the government was forced to allow unions rights of collective action and wage negotiation (Song, 1999). Despite increasing labor activity in some of the Asian countries, an active civil society more directly contributed to the poverty-reduction efforts of the governments of the more developed European countries. In the developing authoritarian countries, the lack of interference from civil society in the early years perhaps made state-led development more effective. A more thorough investigation (which is beyond of the scope of this paper) would be useful to compare the dynamics of civil society and NGOs with poverty reduction in the fifteen countries.

CONCLUSION

This paper seeks insights on effective and proven methods of reducing poverty by identifying and tracing four pathways traversed by countries that experienced rapid poverty reduction. Japan, South Korea, Taiwan, Hong Kong, Singapore and Thailand (to some extent) followed the East Asian model of industrialisation, achieving impressive economic growth and poverty reduction through labour-intensive manufacturing. Indonesia and Peru, as well as some of the Asian countries detailed above, reduced rural poverty by focusing on rural development, including land reform, promotion of agriculture production, and rural infrastructure construction. The Netherlands, Italy, Finland, Norway and France cushioned the poorest amongst their populations with welfare benefits. Finally, Trinidad and Tobago and Gabon utilised their oil revenues to create employment for the poor.

While none of these approaches are new, they nevertheless contrast with the common neoliberal and growth-focused approach to poverty reduction. First, contrary to Dollar and Kraay's conclusions about poverty reduction, most of the extreme cases did not implement *laissez-faire* policies. In all our cases, the state played an essential role: some were developmental states that achieved economic growth and poverty reduction through active state-led development, while some were redistributive states that spread wealth among their citizens. Second, while many of the economies of these countries did grow rapidly, some did not. Moreover, some forewent the large-scale, urbanisation focus ('density') of the 2009 World Development Report (World Bank, 2009). Third, the importance of democracy and civic participation was contingent on the level of development. Developed countries achieved poverty reduction with the help of strong democratic institutions and the participation of civil society. However, for developing countries, an authoritarian governmental system and a repressed civil society were crucial to radically disrupt social and economic structures that perpetuated poverty.

This study is only a step in contributing to the understanding of the contexts of these countries and their poverty-reduction pathways. Limitations in the dataset – which has limited coverage of very poor countries, for instance – almost certainly concealed additional cases of poverty reduction. Moreover, each of these cases of rapid and sustained poverty reduction also have their downsides – as with cases of rapid growth, all approaches to fundamental economic change have unintended consequences. For example, events such as the Asian Financial Crisis, oil crises and fiscal trouble of many European countries proved to be a challenge for these model countries. Perhaps most importantly, the limited space allowed did not allow us to use historical analysis and process tracing to full effect. Future research would examine these cases more thoroughly, allowing their nuance and substance to guide those looking for models of rapid poverty reduction, irrespective of the pace of economic growth.

In any case, we are convinced that these countries provide important clues for how to accomplish very rapid, sustained income growth for the poor. Importantly, even the cursory treatment of these 15 cases emphasize that more progress can be achieved through inductive studies of such cases. If we are concerned about poverty, we should be looking at poverty, measured in myriad ways (income growth of the lowest quintile being just one of them), and deemphasize other indicators that some would suggest as proxies for it. However, despite decades of criticism, GDP remains entrenched as the scorecard of nations, a metric by which all countries are measured. Yet, the consistent implication –

often stated directly – is that the point of GDP is the reduction of poverty. In this study, we find that there is no straightforward relationship between economic growth and poverty reduction; some of the cases that achieved rapid poverty reduction also grew rapidly while others did not. Furthermore, countries that achieved the most improvement in the incomes of the poor did not follow pro-market policies and instead were led by an active state. Indeed, the pathways to poverty reduction are multiple and diverse. Through systematic and qualitative study, we can learn more about the politics behind policies that actually achieved lengthy periods of poverty reduction. This is not something that abstract, large N studies can accomplish. In this way, we can learn more about how to attack the scourge, the embarrassment to civilized society, that is poverty.

Table I: List of countries experiencing at least 6 per cent poverty reduction over 10 years

Country	Years	Average Annual Increase in income of poor	Poverty-reduction pathway
Hong Kong *	1976-1986	7.48%	Industrialisation
Japan *	1962-1977	6.74%	
Singapore *	1973-1988	6.35%	
South Korea *	1961-1993	6.55%	
Taiwan *	1964-1995	6.25%	
Thailand *	1986-1998	6.00%	
Indonesia *	1970-1981	6.44%	Rural development
Peru	1971-1981	8.51%	
Finland	1962-1987	6.40%	Social welfare
France	1962-1989	6.00%	
Italy	1974-1984	6.08%	
The Netherlands	1962-1975	7.42%	
Norway	1979-1995	6.96%	
Gabon	1960-1975	9.01%	Petroleum-generated employment
Trinidad and Tobago	1971-1981	8.64%	

* Also appearing in the Growth Report (Commission on Growth and Development, 2008)

References

Adelman, I. and Morris, C. (1973) *Economic Growth and Social Equity in Developing Countries* (Stanford: Stanford University Press).

Alberts, T. (1983) *Agrarian Reform and Rural Poverty: A Case Study of Peru* (Boulder, CO: Westview Press).

Auty, R. and Gelb, A. (1986) Oil Windfalls in a Small Parliamentary Democracy: Their Impact on Trinidad and Tobago. *World Development*, 14(9), pp. 1161-75.

Auty, R., and Kiiski, S. (2001) Natural Resource, Capital Accumulation, Structural Change and Welfare, Chapter 2 in Auty, R., ed. *Resource Abundance and Economic Development*, WIDER Studies in Development Economics (Oxford: Oxford University Press).

Baker, J. (1997) Poverty Reduction and Human Development in the Caribbean: A Cross-Country Study. World Bank Discussion Paper No. 366, World Bank.

Bax, E. (1995) *Cleavage in Dutch Society: Changing Patterns of Social and Economic Discrimination* (Groningen: Groningen University).

Bockerman, P. and Uusitalo, R. (2006) Erosion of the Ghent System and Union Membership Decline: Lessons from Finland. *British Journal of Industrial Relations*, 44(2), pp. 283-303.

Booth, A. (2000) Poverty and Inequality in the Soeharto Era: An Assessment. *Bulletin of Indonesian Economic Studies*, 36(1), pp. 73–104.

Brandolini, A., Cipollone, P. & Sestito, P. (2000, June). Earnings Dispersion, Low Pay and Household Poverty in Italy, 1977-1998. Economic Working Papers, 427, Bank of Italy. Retrieved 2010, 28th May, from http://ideas.repec.org/p/bdi/wptemi/td_427_01.html

Castells, M. (1992) Four Asian Tigers With a Dragon Head: A Comparative Analysis of the State, Economy, and Society in the Asian Pacific Rim, in: R. P. Appelbaum and J. Henderson (eds) *States and Development in the Asian Pacific Rim,* (Newbury Park CA: Sage), pp. 33-70.

Chang, H-J. (2003) The Market, the State and Institutions in Economic Development, in: H-J. Chang (ed) *Rethinking Development Economics*, (London and New York: Anthem Press), pp. 41-60.

Chang, H-J. (2006) The Political Economy of Industrial Policy in Korea, in: H-J Chang (ed) *The East Asian Development Experience: The Miracle, the Crisis and the Future*, (London, New York and Penang: Zed Books), pp. 63-108.

Chatterjee, Shiladitya. (2005) Poverty Reduction Strategies – Lessons from the Asian and Pacific Region on Inclusive Development. *Asia Development Review,* 22(1), pp. 12-45.

Chen, S. and Wang, Y. (2001) China's Growth and Poverty Reduction: Trends between 1990 and 1999. Policy Research Working Paper No 2651, World Bank.

Chia, S. and Chen, Y. (2003) Explaining Income Distribution in Singapore in: *East Asian Development Network Regional Project on Income Distribution and Sustainable Development: The East Asian Experience* (Manila: Philippine Institute for Development Studies).

Chiengkal, W. (1983) The Transformation of the Agrarian Structure of Central Thailand, 1960–1980. *Journal of Contemporary Asia*, 13(3), pp. 340-60.

Collier, Paul. (2007) *The Bottom Billion: Why the Poorest Countries Are Failing and What We Can Do About It*, (Oxford: Oxford University Press), Chapter 3.

Commission on Growth and Development (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (Washington, DC: World Bank).

Cornia, G. and Court, J. (2004) *Inequality, Growth, and Poverty in an Era of Liberalisation and Globalisation* (Helsinki: UNU World Institute for Development Economics Research).

De Luca, L. and Bruni, M. (1993) *Unemployment and Labor Market Flexibility* (Geneva: International Labor Office).

De Wall, A. (1999) Emergency Food Security in Western Sudan: What is it For? in: S. Maxwell (ed) *To Cure All Hunger: Food Policy and Food Security in Sudan*, (London: Intermediate Technology Development Group).

Dollar, D. and Kraay, A. (2002) Growth is Good for the Poor. *Journal of Economic Growth*, 7(3), pp. 195–225.

Dreze, J. and Sen, A. (1995) *India: Economic Development and Social Opportunity* (New Delhi: Oxford University Press).

Erikson, C, and Ichino, A. (1995) Wage Differentials in Italy: Market Forces, Institutions, and Inflation. NBER Working Papers 4922, National Bureau of Economic Research.

Friedman, M. (1962) *Capitalism and Freedom* (Chicago: University of Chicago Press).

Glewwe, P. (1988). *The Distribution of Welfare in Peru in 1985-86* (No. 42). Washington DC: World Bank.

Gustafsson, B. and Pedersen, P.J. (eds) (2000) *Poverty and Low Income in the Nordic Countries* (Aldershot: Ashgate).

Haggard, S. and Kaufman, R. (2008) *Development, Democracy and Welfare States: Latin America, East Asia and Eastern Europe* (Princeton, NJ: Princeton University Press).

Handelman, H. (2003) *The Challenge of Third World Development* (Upper Saddle River, NJ: Prentice Hall).

Hyun, K., Adams, D. and Hushak, L. (2001) Rural Household Savings Behavior in South Korea, 1962-76. *American Journal of Agricultural Economics*, 61(3), pp. 448-54.

Ishikawa, T. (1997) *Growth, Human Development and Economic Policies in Japan: 1955-1993*. Occasional Papers No 23, United Nations Development Programme.

Johnson C. (1982) *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press).

Jomo, K.S. (2003) *Globalization, Liberalization and Equitable Development: Lessons from East Asia* (Geneva: United Nations Research Institute for Social Development).

Kambhampati, U. (2004) *Development and the Developing World* (Oxford: Polity Press).

Kettunen, P. (2001) The Nordic Welfare State in Finland. *Scandinavian Journal of History*, 26(3), pp. 225-47.

King, D. (1981) Regime Type and Performance: Authoritarian Rule, Semi-Capitalist Development and Rural Inequality in Asia. *Comparative Political Studies*, 13(4), pp. 477-504.

Kohli, A. (2004) *State-Directed Development: Political Power and Industrialisation in the Global Periphery* (Cambridge: Cambridge University Press).

Krongkaew, M. (1985) Agricultural Development, Rural Poverty and Income Distribution in Thailand. The Developing Economies, XXIII(4), pp. 325-46.

Krongkaew, M. and Kakwani, N. (2003) The Growth-Equity Trade-Off in Modern Economic Development: The Case of Thailand. *Journal of Asian Economics*, 14(5), pp. 735-57.

Krongkaew, M., Chamnivickorn, S. and Nitithanprapas, I. (2006) Economic Growth, Employment and Poverty Reduction Linkages: The Case of Thailand. Discussion Paper 20, Issues in Employment and Poverty, International Labour Organisation.

Kuznets, S. (1955) Economic Growth and Income Inequality. *American Economic Review*, 45(1), pp. 1-28.

Leftwich, A. (2000) *States of Development: On the Primacy of Politics in Development* (Oxford: Blackwell Publishers).

Leftwich, A. (2005) Politics in Command: Development studies and the Rediscovery of Social Science. *New Political Economy*, 10(4), pp. 573–607.

Luo, C. and Li, S. (2008) Growth Pattern, Employment, and Income Inequality. *Asian Development Review*, 25(1), pp. 100-18.

McMahon, G., (1997) The Natural Resource Curse: Myth or Reality?, The World Bank Institute.

Mahoney, J., and Rueschemeyer, D. (2003) *Comparative Historical Analysis in the Social Sciences* (Cambridge: Cambridge University Press).

Mehrotra, S. (2002) Some Methodological Issues in Determining Good Practices in Social Policy: The Case of High-Achieving Countries, in: E. Øyen (ed) *Best*

Practices in Poverty Reduction: An Analytical Framework, (New York: St. Martins Press), pp. 68-87.

Mellor, J. (1995) *Agriculture on the Road to Industrialisation* (Baltimore: Johns Hopkins University Press).

Moore, M. (1984-1985) Mobilisation and Disillusion in Rural Korea: The Saemaul Movement in Retrospect. *Pacific Affairs*, 57(4), pp. 577-98.

Osaki, K. (2003) Migrant Remittances in Thailand*:* Economic Necessity or Social Norm*? Journal of Population Research*, 20(2), pp. 203-22.

Osmani, S. (2003) *Evolving Views on Poverty: Concepts Assessment and Strategy.* Poverty and Social Development Papers No 7, Asian Development Bank.

Øyen, E. (2002) A Methodological Approach to Best Practices, in: E. Øyen (ed) *Best Practices in Poverty Reduction: An Analytical Framework*, (New York: St. Martins Press), pp. 1-28.

Patton, M. (1990) *Qualitative Evaluation and Research Methods* (Beverly Hills, CA: Sage).

Peters, B. *(*1991) *The Politics of Taxation: A Comparative Perspective* (Cambridge*:* Blackwell).

Pollard, H. (1985) The Erosion of Agriculture in an Oil Economy: The Case of Export Crop Production in Trinidad. *World Development*, 13(7), pp. 819-35.

Post, D. (1993) Educational Attainment and the Role of the State in Hong Kong. *Comparative Education Review*, 37(3), pp. 240-62.

Rao, V. (1999) East Asian Economies: Trends in Poverty and Income Inequality. *Economic and Political Weekly*, 34(18), pp. 1029-39.

Ravallion, M. (2001) Growth, Inequality and Poverty: Looking Beyond Averages. *World Development*, 29(11), pp. 1803–15.

Rock, M. (2003) The Politics of Development Policy and Development in New Order Indonesia. William Davidson Institute Working Paper No 632, University of Michigan Business School.

Roebroek, J. M. (2006) The Arrival of the Welfare State in Twentieth-century Mass Society: The Dutch case, in *Twentieth-Century Mass Society in Britain and the Netherlands,* Moore & Nierop (Eds.), pp. 47 – 65. UK: Berg.

Sachs, J. and Warner A. (2001) The Curse of Natural Resources. *European Economic Review* 45(4), pp. 827-38.

Saraceno, S. (2002) *Social Assistance Dynamics in Europe: National and local policy regimes.* UK: Policy Press.

Schubert, S. (2006) Revisiting the Oil Curse: Are Oil Rich Nations Really Doomed to Autocracy and Inequality? *Oil and Gas Business,* (2006), pp. 1-16.

Sen, A. (1999) *Development as Freedom* (Oxford: Oxford University Press).

Song, Ho Keun. (1999) Labour Unions in the Republic of Korea: Challenge and Choice in *Labour and Society Programme Discussion Paper Series No. 107* (Geneva: International Labour Organization).

Stevens, P. (2003), Resource Impact: Curse of Blessing? A Literature Survey, Journal of Energy Literature IX, pp. 3-41.

Tan, G. (2004) *The Newly Industrialising Countries of Asia: Development and Change* (Singapore: Eastern Universities Press).

Tang, K. (1998) East Asian Newly Industrialising Countries: Economic Growth and Quality of Life. *Social Indicators Research,* 43(1/2), pp. 69-96.

Timmer, P. (2004) The Road to Pro-Poor Growth: The Indonesian Experience in Regional Perspective. *Bulletin of Indonesian Economic Studies*, 40(2), pp. 177-207.

Timmer, P. (2007) How Indonesia Connected the Poor to Rapid Economic Growth, in: T. Besley and L. Cord (eds) *Delivering on the Promise of Pro-Poor Growth: Insights and Lessons from Country Experiences*, (Washington DC: World Bank), pp. 29-57.

Tordoff, W. and Young, R. A. (1999) The Presidential Election in Gabon. *Review of African Political Economy* 26(80) pp. 269-277.

Turner-Jones, T., Kufa, P., Rizavi, S. and Velculescu, D. (2003) Past and Present Energy Booms in Trinidad and Tobago: Lessons for Fiscal Policy. International Monetary Fund, Trinidad and Tobago: Selected Issues and Statistical Appendix.

United Nations Economic Commission for Africa (2003) Gabon-Struggling to Diversify from the Oil Sector in: *Economic Report on Africa 2003: Accelerating the Pace of Development* (Addis Ababa: UNECA), pp. 225-246.

United Nations Educational, Scientific and Cultural Organisation (2011) MOST Clearing House Best Practices. http://www.unesco.org/most/bphome.htm (accessed 8 February 2011).

UNU-WIDER World Income Inequality Database (May 2008) Version 2.0c.

Utrecht, E. (1969) Land Reform in Indonesia. *Bulletin of Indonesian Economic Studies*, 5(3), pp. 71-88.

Uzuhashi, T. (2009) The Political and Social Economy of Care. Japan Research Report No 1, United Nations Research Institute for Social Development.

Van Ours, J. (1992) Union Growth in The Netherlands 1961-1989, *Applied Economics*, 24(9), pp. 1059-66.

Varshney, A. (2000) Why Have Poor Democracies Not Eliminated Poverty? A Suggestion. *Asian Survey*, 40(5), pp. 718-36.

Vimolsiri, P. (1999) Growth with Equity: Policy Lessons from the Experience of Thailand, in: *Growth with Equity: Policy Lessons from the Experience of Selected Asian Countries*, (New York: UNESCAP), pp. 267-311.

Wade, R. (1993) Managing Trade: Taiwan and South Korea as Challenges to Economics and Political Science. *Comparative Politics*, 25(2), pp. 147-167.

Warr, P. (2004) Globalisation, Growth and Poverty Reduction in Thailand. *ASEAN Economic Bulletin*, 21(1), pp. 1-18.

Warr, P. (1999) What Happened to Thailand. *The World Economy*, 22(5), pp. 631-650.

Webb, R (1977). *Government Policy and the Distribution of Income in Peru, 1963-1973*. Harvard Economic Studies 147. Cambridge MA: Harvard University Press.

Wilson, P. and Wise, C. (1986) The Regional Implications of Public Investment in Peru, 1968-1983, *Latin American Research Review*, 21(2), pp. 93-116.

Woo-Cumings, M. (1999) *The Developmental State* (Ithaca, NY: Cornell University).

Woodward, D. and Simms, A. (2007) Growth Is Failing the Poor: the Unbalanced Distribution of the Benefits and Costs of Global Economic Growth in; K.S. Jomo and J. Baudot (eds) *Flat World, Big Gaps: Economic Liberalization, Globalization, Poverty and Inequality*, (London: Zed Books/UN Department of Economic and Social Affairs).

World Bank (1993) *The East Asian Miracle* (New York: Oxford University Press).

World Bank (1995) Trinidad and Tobago Poverty and Unemployment in An Oil Based

Economy. Report No. 14382-TR, World Bank.

World Bank (1996) Trinidad and Tobago: Macroeconomic Assessment and Review of Public Sector Reform and Expenditures: The Changing Role of the State. Report No. 15187, World Bank.

World Bank (1997) Republic of Gabon: Poverty in a Rent-Based Economy, Report 16333-GA. World Bank.

World Bank (2009) World Development Report 2009: Reshaping Economic Geography. Washington, DC: World Bank.

Wunder, S. (2003) When the Dutch Disease Met the French Connection: Oil, Macroeconomics and Forest in Gabon. Report prepared for the CIFOR-CARPE-USAID project, The Impact of Macroeconomic and Agricultural Policies on Forest Conditions in Gabon. Bogor, Center for International Forestry Research.

Yates, D. (1996) *The Rentier State in Africa: Oil Rent Dependency and Neocolonialism in the Republic of Gabon* (Trenton: Africa World Press).

Zafar, Ali. 2004. What Happens When a Country Does Not Adjust to Terms of Trade Shocks? The Case of Oil Rich Gabon. Policy Research Working Paper 3403, World Bank.