



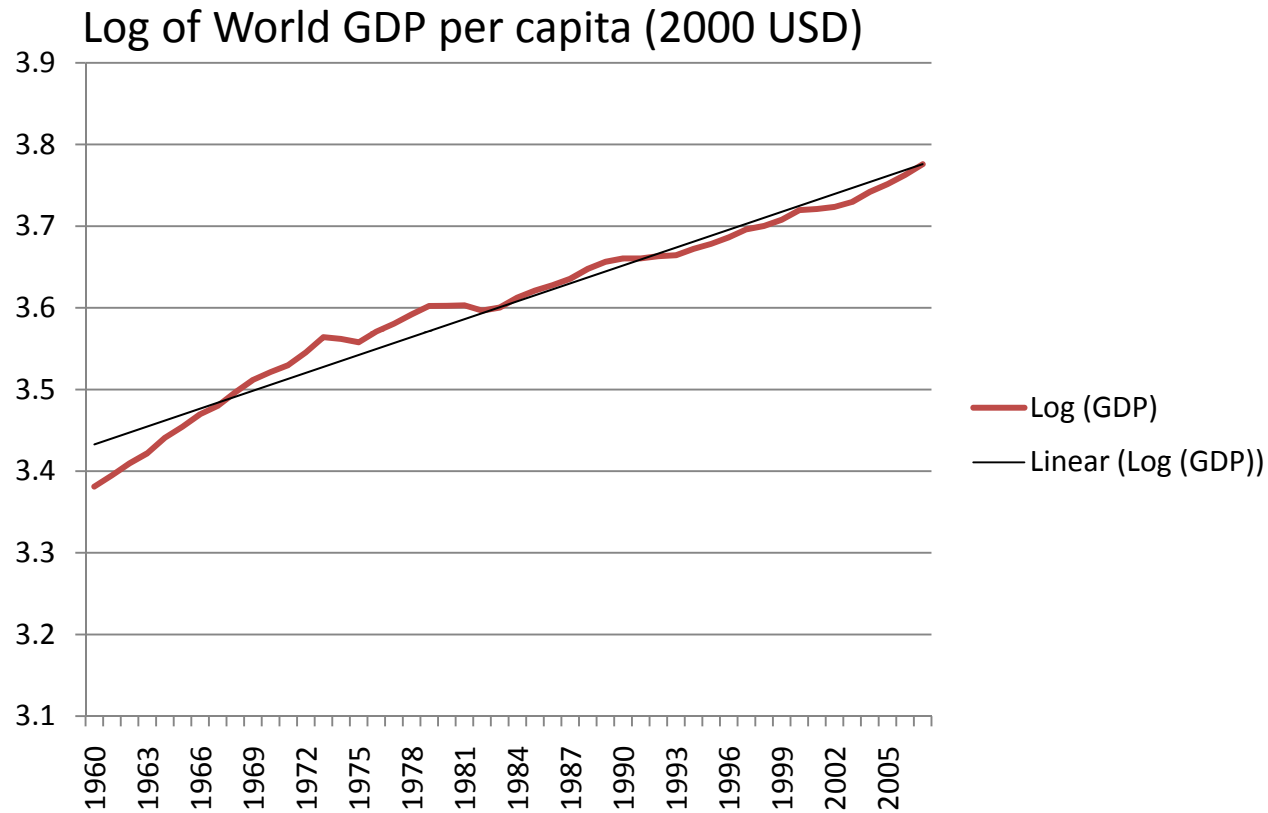
Economic Shocks and Human Development: A Review of Empirical Findings

Pedro Conceição, Namsuk Kim and Yanchun Zhang
Office of Development Studies, UNDP, New York

The views expressed in this presentation are those of the authors and do not necessarily reflect those of UNDP.

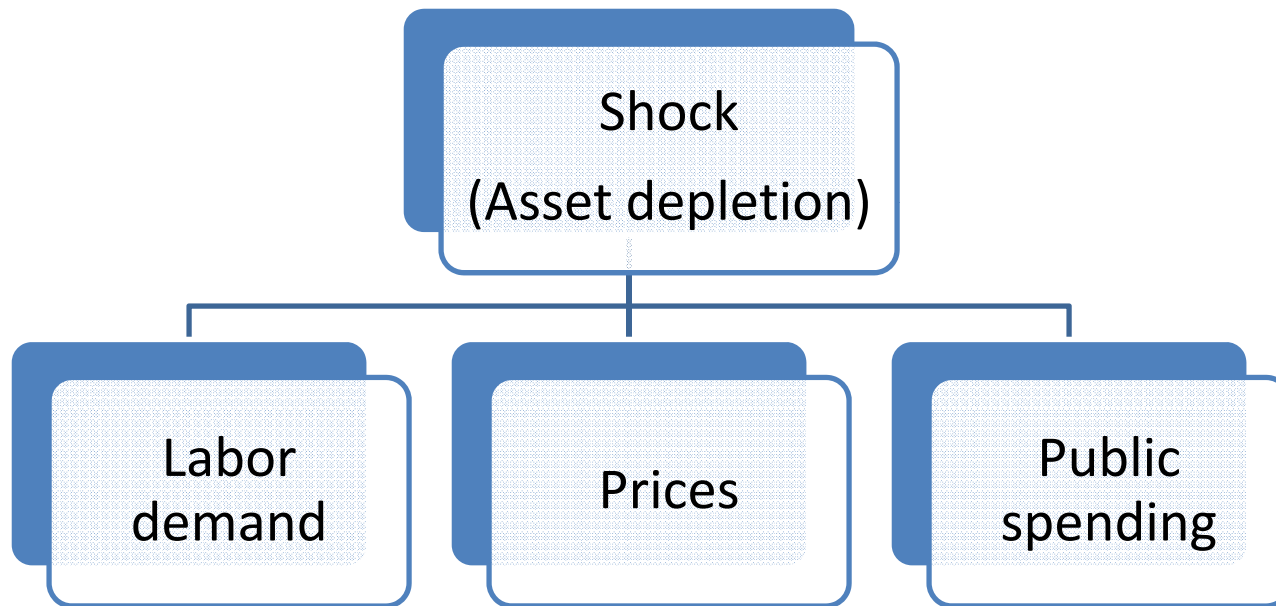


Trend and Fluctuation



Source: World Bank (2009)

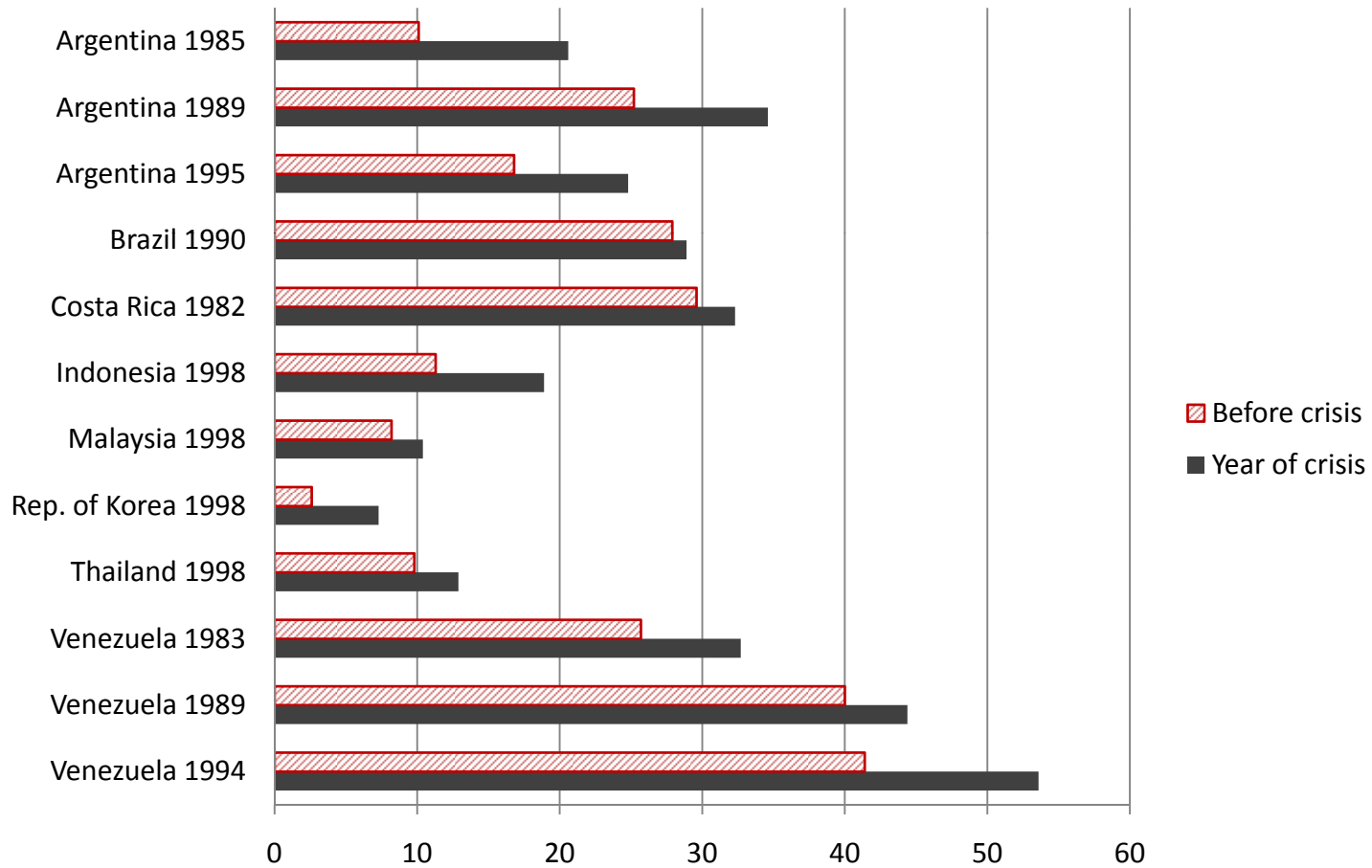
Channels



Source: Lustig and Walton (1999)

Poverty and Crises

Crises and Poverty Headcount Ratios

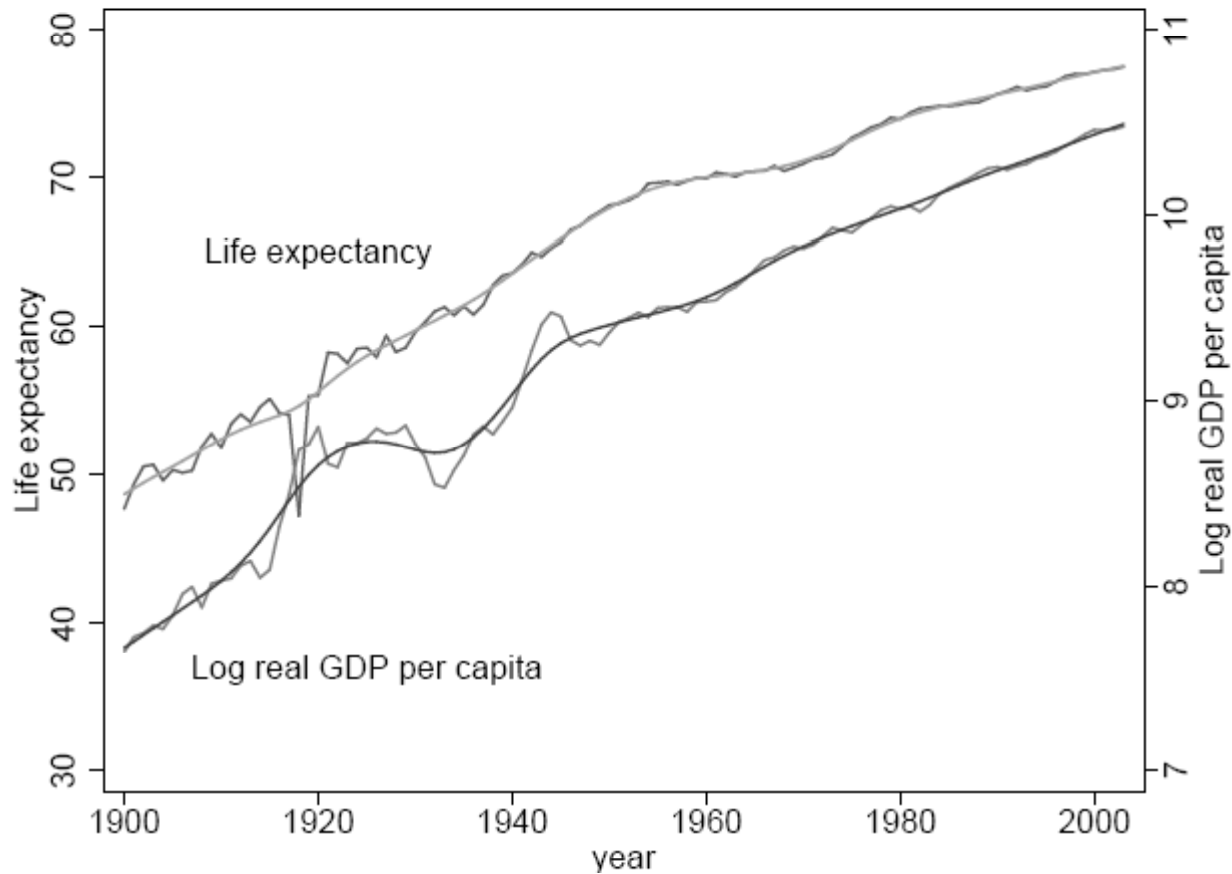


Lustig, Fishlow and Bourguignon (2000, p.4), Skoufias (2003, p.1088).



Health and Nutrition I

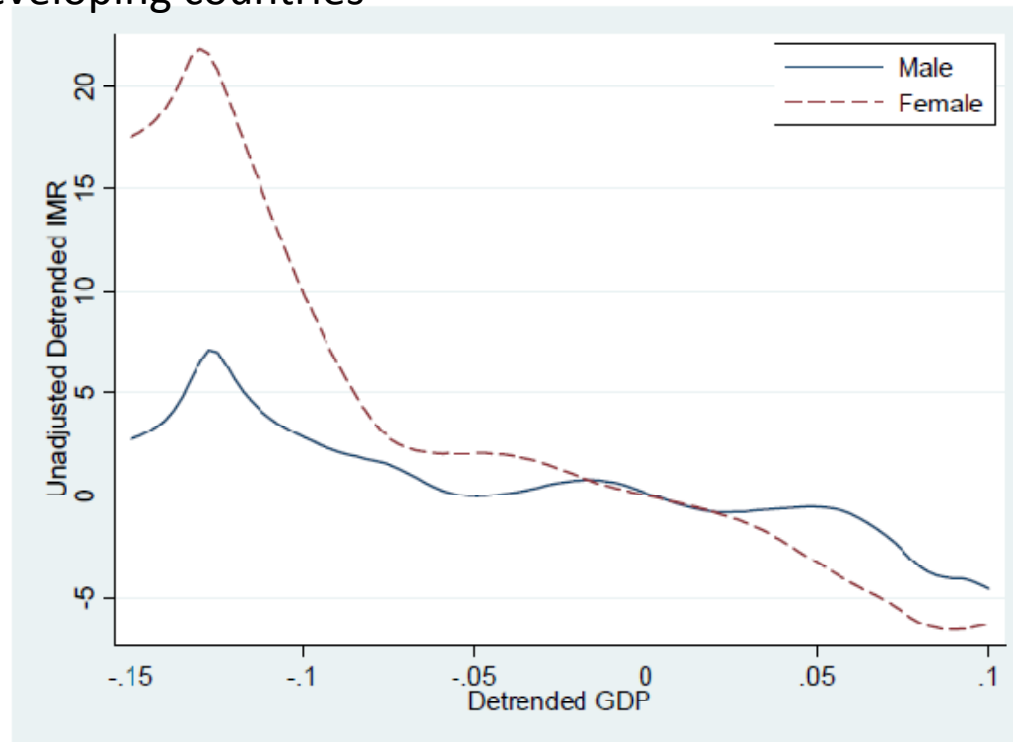
Trends in log life expectancy, and log real income per capita in the U.S. since 1900



Source: Edwards (2009)

Health and Nutrition II

Relationship between Infant Mortality Rate and Detrended GDP, Developing countries

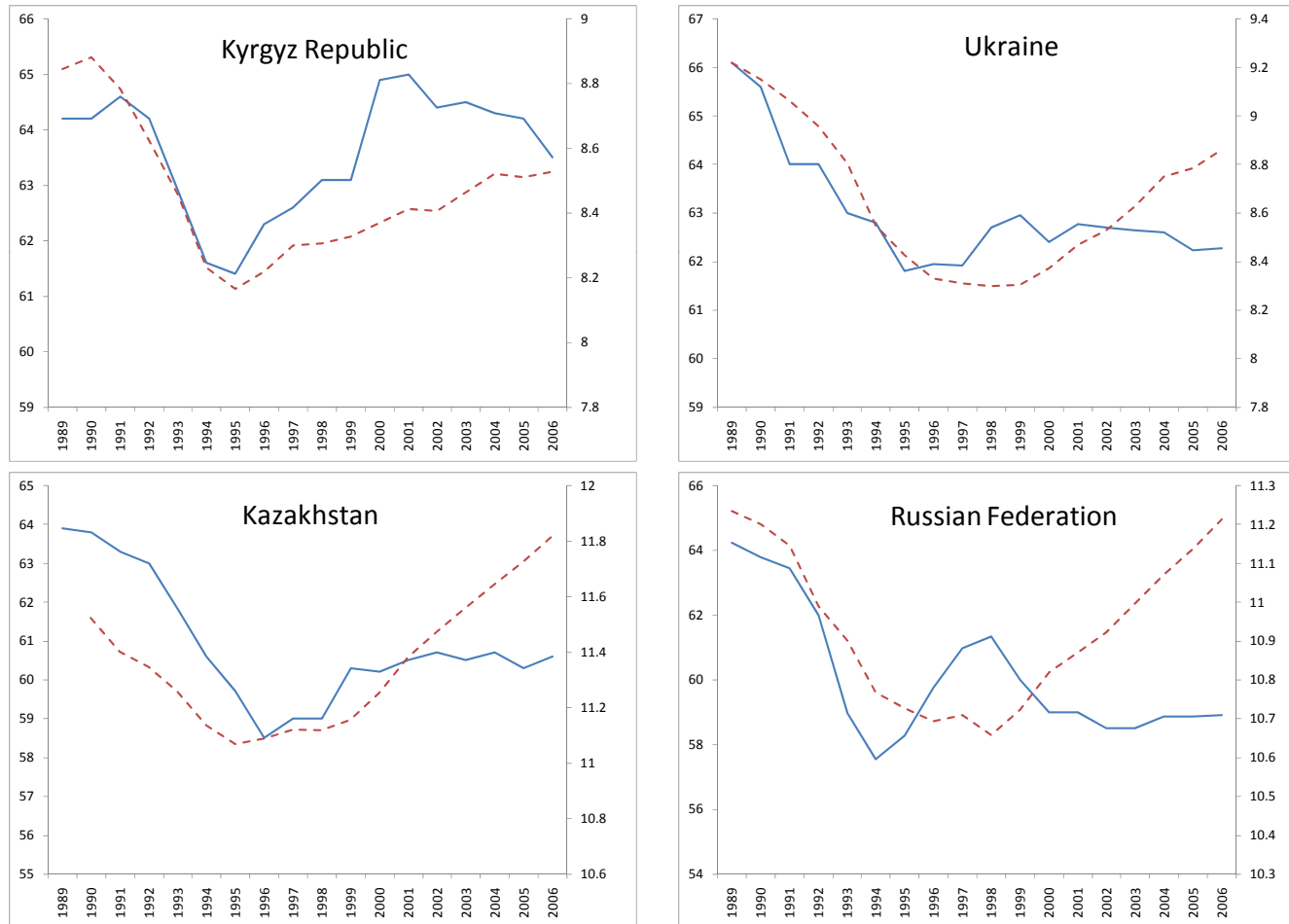


Note: Estimated with locally weighted least squares. GDP is measured in year 2000 international (PPP) dollars.

Source: Baird, Friedman, and Schady (2007)

Health and Nutrition III

Life Expectancy and Income in Transition Countries 1989-2006



Source: World Bank (2008)



Education I

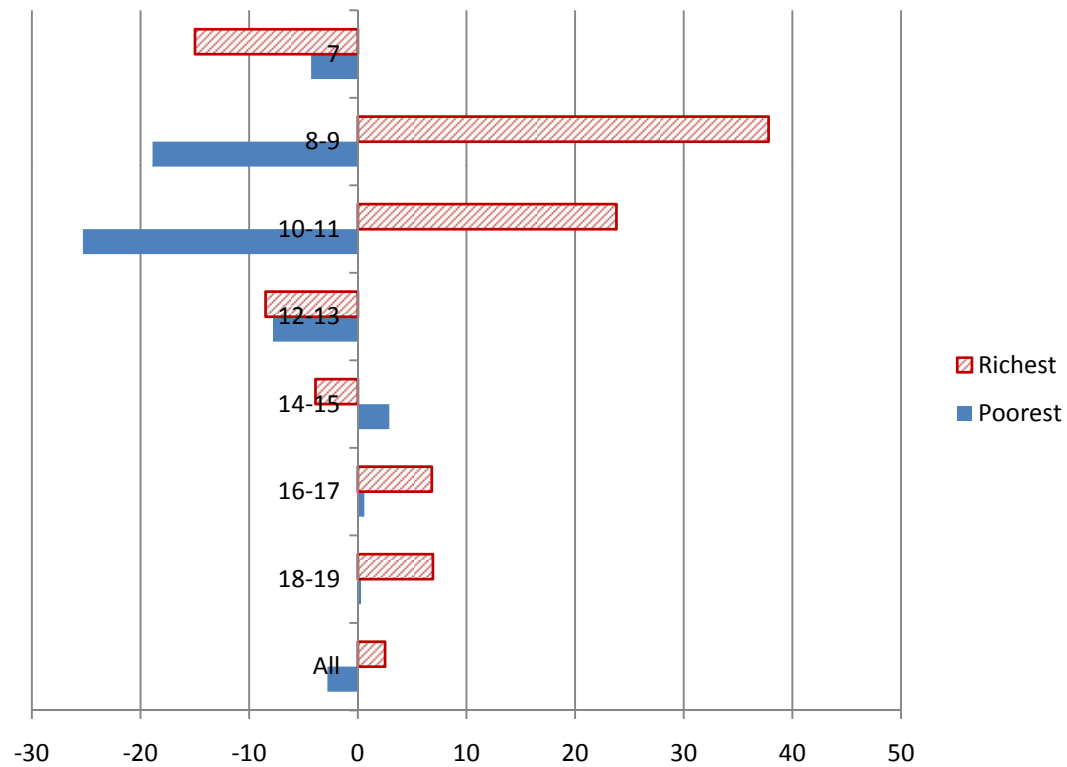
Effect of a Negative Aggregate Economic Shock on Child Education Outcomes

Rich countries	Positive impact <ul style="list-style-type: none">• United States
Middle-income countries	Ambiguous impact Examples of positive impact <ul style="list-style-type: none">• Mexico• Brazil• Peru• Nicaragua Examples of negative impact <ul style="list-style-type: none">• Costa Rica
Poor countries	Negative impact <ul style="list-style-type: none">• Indonesia• Cote d'Ivoire• Malawi• (Nicaragua)

Note: Parentheses indicate the reverse effect, for countries that deviate from the theoretical predictions.
Source: Ferreira and Schady (2008, p.50).

Education II

School enrollment rates by age and income quartile, changes between 1997 and 1998, Indonesia

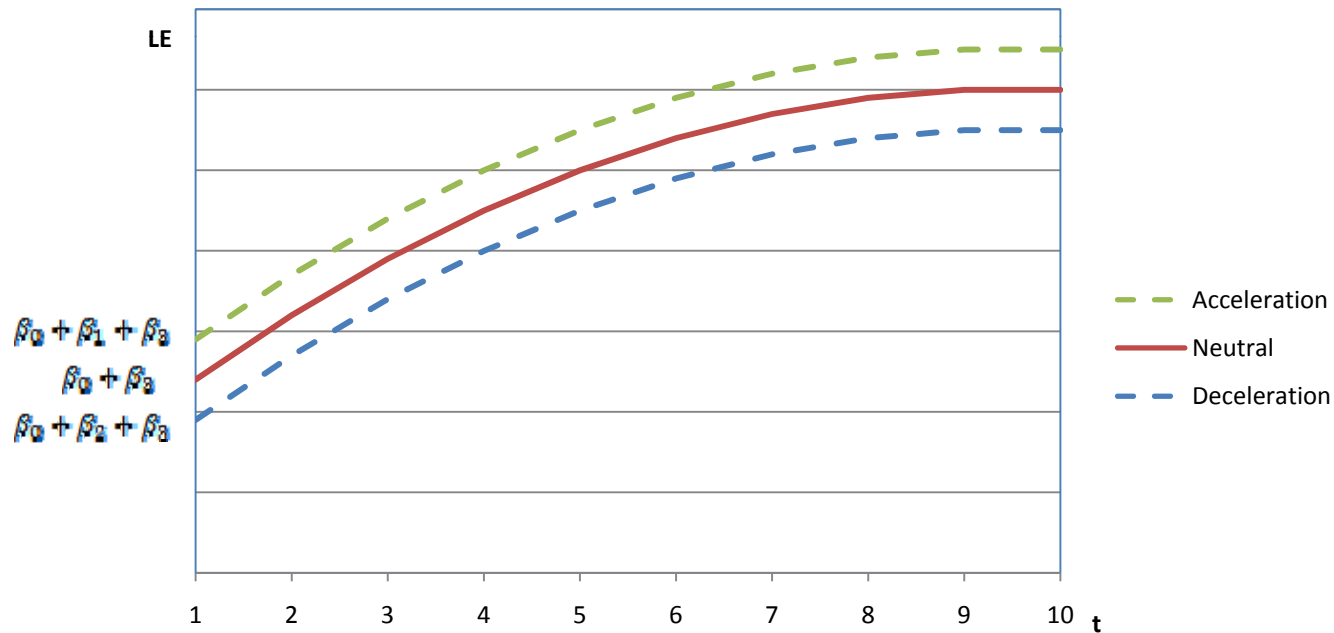


Source: Thomas et al (2004, p.64, Table 2b)

HD and Growth

Acceleration/Deceleration I

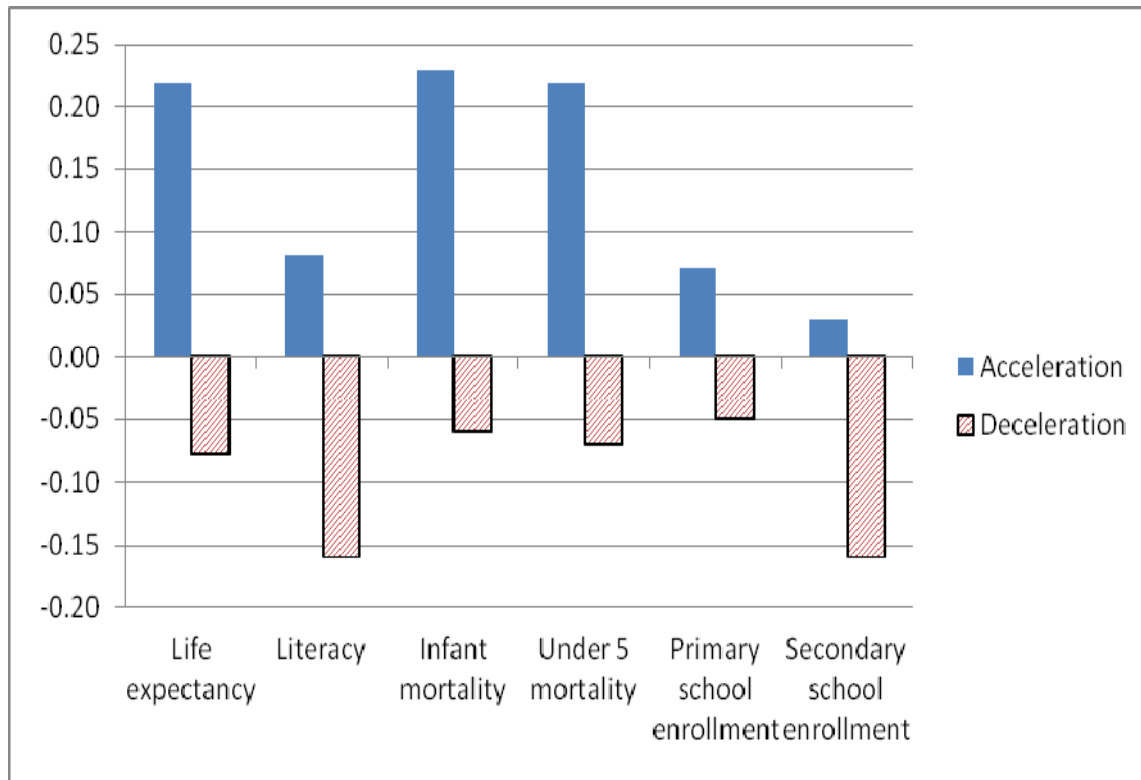
$$HD_{i,t} = \beta_0 + \beta_1 ACC_{i,t} + \beta_2 DEC_{i,t} + \beta_3 TIME_t + \varepsilon_{i,t}$$



HD and Growth

Acceleration/Deceleration II

Improvement in Human Development Indicators (correlation coefficient) in Periods of Growth Acceleration and Deceleration





HD and Growth Acceleration/Deceleration III

Fixed Effect Regression of Human Development Indicators, 1983-2006

	Life expectancy	Infant mortality	Under-5- mortality	Primary school enrollment	Secondary school enrollment	Literacy
ACC	2.84 7.77**	-14.72 (-7.62)**	-25.26 (-6.67)**	-.15 (-.38)	-.55 (-4.56)	1.36 (.78)
DEC	-1.86 (-4.07)**	11.88 (4.75)**	24.01 (5.06)**	2.93 (2.31)*	2.36 (1.77)	-17.37 (-5.91)*
Constant	64.37 (348.69)**	45.62 (43.3)**	72.45 (36.58)**	111.83 (22.77)**	60.52 (14.24)**	79.71 (24.77)
Observations	4394	2870	2466	1465	1418	250
R-squared	0.67	0.68	0.68	0.98	0.99	0.86

Note: Absolute value of t statistics in parentheses. * significant at 5 percent; ** significant at 1 percent.



Conclusion

Rich Countries	+	0 or +
Poor Countries	--	?
	Bad	Good
	Growth Performance	