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Bad Governance and Poor Children: A Comparative Analysis of Government Efficiency and Severe Child Deprivation in 68 Low- and Middle-income Countries

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Summary. — Research on democratization and quality of government (QoG) has highlighted the impact of poor governance on people's living conditions. Simultaneously we have gained knowledge about global child poverty. Here these two strands of research are brought together. We use survey micro-data from 68 low- and middle-income countries ($N = 2,120,734$) measuring deprivation of seven basic human needs (safe water, food, sanitation, shelter, education, health care, and information) among children. We show that QoG affected four of the deprivation indicators. In contrast, democratization appears to have no impact on the extent of child deprivation.

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Key words — child poverty, deprivation, quality of government, governance, democracy, developing countries

1. INTRODUCTION

The aim of this paper is to analyze the relationships between democratization and quality of government (henceforth QoG) and child poverty or to be more accurate specific forms of severe child deprivation in low- and middle-income countries. It makes a unique contribution by combining institutional macro-level information about QoG and democratization, and individual level survey micro-data on deprivations experienced by children.

Since the mid-1990s, evidence that corruption and other forms of “poor governance” constitute a general social ill has been mounting. Including concepts such as (the lack of) *good governance*, *control of corruption*, *administrative effectiveness*, and *state capacity*, low quality of government not only prevents economic prosperity but also has strong negative implications for population health, people's access to basic services such as safe water, health care and education, economic equality, social trust, political legitimacy, intra-state as well as inter-state stability, and people's subjective well-being (e.g., Holmberg & Rothstein, 2012; North, 1990; Uslaner, 2008). Theoretically, the dramatically increased interest in research on corruption is related to the “institutional revolution” in the social sciences which began in the early 1990s and stressed the notion that being able to create certain types of rules and regulations determined the well-being of societies (North, 1990; North, Wallis, & Weingast, 2009; Ostrom, 1990). During this period there has been a concurrent rise in interest and growth in the literature on global poverty in general and child poverty in particular. Thanks to remarkable developments in data collection and household survey programs, we now have access to information on the distribution of poverty between and within countries, and on a range of explanatory factors at community, household, and individual levels (Gordon, Nandy, Pantazis, Pemberton, & Townsend,

2003; Lindskog, 2011; Nandy, 2009; Trani, Biggeri, & Vincenzo, 2013). Within both these strands of research, the fundamental goal has been to better understand how people's living conditions can be improved. Thus far, however, research on QoG and child poverty has essentially developed independently, with little or no crossovers.

2. BACKGROUND

(a) *Democracy and quality of government*

Within the QoG genre, there is empirical evidence showing the impact of state capacity, administrative effectiveness, impartiality in the implementation of policies, and control of corruption on a wide range of outcomes. Countries scoring well on various indicators of QoG also tend to do better than other countries as regards poverty reduction, provision of health care, education, general infrastructure, and subjective wellbeing, and they do so net of economic development and net of democratic institutions (Holmberg & Rothstein, 2011a, 2011b; Rothstein, 2011; Tavits, 2008). The importance of QoG indicators can readily be seen when compared with measures of democracy, in that QoG variables often have substantially higher positive correlations with standard measures of human well-being than do measures of democracy

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(Holmberg & Rothstein, 2011b, 2011c; Rothstein, 2011). This appears to challenge what has been taken for granted in the theory as well as the research on the impact of democracy, namely that representative democracy leads to economic redistribution which favors the poor in society (Gerring, Kingstone, Lange, & Sinha, 2011). Simply put, democracy through equal voting rights has been thought sufficient to increase the power of the majority of ordinary citizens and curb the powers of minorities which often constitute the economic, political, and administrative elite. Competition for votes is assumed to induce politicians to implement policies of direct redistribution or provide universal public services which benefit the poor. The problem is that in many countries, this does not happen, at least not to the extent theory predicts (Ross, 2006). This problem—that democracy does not necessarily deliver broad-based improvements to human well-being—was recently pointed out by Nobel Laureate Amartya Sen (2011), who in an article in *The New York Review of Books* compared the “quality of life” for people in China and India. He concluded that, based on all objective standard measures of human well-being, communist-autocratic China now clearly outperforms liberal and democratically governed India. Sen showed that this applied to infant mortality, mortality rates for children under the age of five, life expectancy, immunization rates of children, basic education of children, rates of poverty, and adult literacy.

Thus, even though democracy can be seen as “a good thing”, it will not eradicate poverty if the wider system of governance is incapable of implementing policies in a trustworthy, predictable, and impartial manner (North, 1990; Charron, 2011; Holmberg, Rothstein, & Nasiritousi, 2009; Rothstein & Teorell, 2008; Råby & Teorell, 2011). What is often less clear in this literature is what kinds of mechanisms link QoG to economic and social development, how to understand the direction of causality, and what aspects of QoG—sound policies, efficient administration, control of corruption, *etc.*—are of most importance. One way of understanding how causality operates is to use a “public goods” approach. Recent theoretical advancements within development research have pointed out that market economies, in order to produce prosperity, need a wide set of “public goods”. These include not only legally-bound institutions which safeguard contract and property rights, but a much larger set. North, Wallis and Weingast argue, this includes universal systems for the provision of “infrastructure, education, public health and social insurance programs” (2009:11, 266) that enhance human capital. However, such programs require relatively high taxes, and if the government and the civil service are generally known to be inefficient and/or corrupt, it is unlikely that citizens will pay high taxes willingly even if they agree that the “public goods” in question would be valuable (Svallfors, 2012). The implications of this to child poverty and deprivation are self-evident—children in low-income families are especially dependent on many of these public goods. For example, free schooling is not only a matter of education, but often entails access to basic medical treatment and food. However, the causality between provision of public goods and poverty is not always a given. As has been shown by Krishna (2010) an important reason as to why households in many countries (including the United States) fall into severe poverty is that they now have access to modern health care facilities, but, importantly, lack health insurance. Thus, when a family member falls ill and is taken to the hospital, the household is hit by debilitating huge medical costs, which forces it into permanent poverty (Krishna, 2010). Similarly, access to “free” schooling may generate costs in the form of clothing (uniforms), trans-

portation, and necessary equipment (books, stationary, *etc.*). Corruption further aggravates these types of processes, as seemingly free or strictly regulated public goods may in reality have an informal, black market, “under the counter” price (Begum, 2012). Thus, lacking “good institutions” (i.e., having inefficient administration and high levels of corruption) makes it very difficult to establish publicly financed health care or education systems, which in turn drives many households into severe poverty. Needless to say, children in low-income households are also dependent on the existence of other social insurance programs, which suffer from the same political logic as public health insurance (Teorell, Samanni, Holmberg, & Rothstein, 2011).

The intricate relationship between QoG and child poverty highlights the pressing need to acquire more detailed empirical knowledge about what specific types of child deprivation are associated with QoG. The typical approach within QoG research is based on aggregated country comparisons, i.e., we know, for example, if country A has a lower poverty rate than country B, then systematic comparisons of a large number of countries tell us whether or not this difference can be connected to QoG. This approach has proven valuable, but it nevertheless has limitations. First, we do not have any detailed information on *how*, for example, children are affected by poverty, or what type of deprivations they experience. It also means we lack detailed knowledge about how variation in QoG does or does not affect various outcomes. Second, the country-level approach means that we do not know anything, or at least not a great deal, about the distribution of, say, child deprivation *within* countries. Thus, it could be that even though general deprivation rates are lower in country A than in country B, certain minority sections of the population in country A are more deprived than most people in country B, an outcome which could be generated by, for example, systematic discrimination of minorities in country A. Thus, although there have been great advances in the research on QoG, we still need to know more about the relationship between QoG and the within-country distribution of living conditions. We also need to know more about how within-country population characteristics may explain between-country differences.

(b) *Child poverty and child deprivation*

Research on poverty and in this case child deprivation (as an outcome of poverty) has largely focused on describing the distribution between and within countries, and on what types of deprivations children experience (Gordon *et al.*, 2003). Explanatory analyses are mostly country based, looking at individual factors that explain poverty and deprivation risks in different sections of the population (Lindskog, 2011; Trani *et al.*, 2013).

There are several reasons for studying child deprivation in its own right. Children have different needs and capacities, not only compared to adults but also depending on their stage of development (infancy, early and middle childhood, as well as adolescence) (Sumner, 2010). Conditions during early childhood—nutrition, access to education, and health care—impact the future in basically all aspects of life, including whether there will be any future at all (Headey, 2013). Another reason to focus on children is that children are simply more vulnerable than adults. Children, depending on their age, have special needs concerning, for example, nutrition, care, and education. Malnutrition, disease and infections have more adverse and potentially more deadly consequences for children than for adults (Gordon, Nandy, Pantazis, & Pemberton, 2010; Gor-

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