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Exploring the Causes of Immiserizing Growth:

A Comparison of Pathways[1]

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During the late 1980s, the Dominican Republic's economy grew under an IMF austerity program and policies designed to liberalise the country's economic system. Exports from the country's Free Trade Zones increased. Tourist resorts boomed. However, not only did the poorest in the country fail to benefit from the economy's expansion, their conditions actually worsened. Such an increase in poverty coinciding with economic growth would be considered unusual enough, but in this case the worsening in the conditions of the poor was actually directly related to the exact same factors that had caused the growth. Most economists maintain that economic growth is often good for the poor; however, they do also recognize that in many cases, the benefits of growth fall unevenly on the poor. In the more

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extreme cases such as this one in the Dominican Republic, growth may outright fail to help the poor, or may even worsen the plight of the poor.

Why do some countries experience long bouts of immiserizing growth – periods in which the economy expands, but the income of the poorest declines?

What can cause immiserizing growth?[2] As noted in this volume (Shaffer, Chapter xx), although it has precedents in Malthus and Marx, the theory is closely linked to the research of economist Jagdish Bhagwati (1958), who demonstrated that increases in price inelastic exports could push down prices, thus causing economic growth to increase but incomes of the poor to drop. Dependency theorist Samir Amin (1976) argued that linkages with the global north caused immiseration in poor countries as economic integration undermined traditional producers. Eastwood and Lipton (2001) linked immiseration with four possible causes: a) growth shifts demand away from products produced by the poor; b) labour-saving technology, such as tractors or driverless cars, are introduced, c) industries in which the immobile poor are active are slow to improve technologically; and d) growth causes increases in prices of products used by the poor.

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[2] For a more thorough discussion, see Shaffer (this volume).

Which of these hypothesized factors generate actual examples of immiserizing growth? This chapter explores this question by looking at actual examples of immiserizing growth – cases generated based on analysing one of the most comprehensive, comparable databases assembled (Dollar and Kraay 2002; 2016). Dollar and Kraay assemble comparable data from countries of all populated continents and from every decade since the 1950s. While these scholars use the data to show that economic growth is correlated with poverty reduction, the data is repurposed here to identify cases of immiserizing growth. In this chapter, we select countries that experienced at least five years of sustained economic growth of at least two percent, while the income of the poor (the bottom 20 percent, as defined by these economists) was on average negative. From this process, more than 10 percent of Dollar and Kraay's sample (71 cases out of 602 in total) emerged as experiencing immiserizing growth as measured here. In fact, of the 145 cases in Dollar and Kraay's two database which saw negative income growth for the poor, nearly half were in the context of robust, sustained economic growth.

Non-final version

Analysing these cases via qualitative causal methods reveals at least four pathways that one or more cases traversed. These pathways are described here, along with one example that briefly illustrates the pathway. While additional pathways other than those identified here undoubtedly exist – ones that this method cannot identify – the four pathways that emerged through this process reveal that the causes of immiserizing growth, which

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are commonly thought to be economic in nature, are more intimately related to politics as defined by Harold D. Lasswell (1936): Who Gets What, When, How. To understand the distribution of growth – more accurately the maldistribution of growth – that actually increases the misery of the poor, we need to identify actual actors (who?) making decisions in a specific context (when?) in such a way (how?) as to hurt the prospects of the poor.

Pathway 1: Structural Reform

The IMF's involvement in low-income countries across Latin America and Africa increased substantially in the 1980s as macroeconomic crises spread across both regions. Through reforms that centred on sustained conditional lending, the IMF moved beyond mere crisis management, taking on the longer-term objectives of structural adjustment and reorienting development strategies in developing countries (Collier and Gunning 1999). The key components of such reforms were aimed at reducing state intervention and exploiting the opportunities brought by international markets (Ocampo 2004)

The imposition of such reforms had multiple and profound effects on the economic and social condition of affected countries. The criticisms of structural adjustment are by now familiar, but are worth recounting here. Collier and Gunning (1999) observed how adjustment programmes supported by the IMF – most notably, with regard to financial liberalisation – were plagued by inadequate distributional analysis and poor sequencing of policies, bringing about "avoidable hardship" (p. F634) for the poor by

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directly reducing incomes or lowering social spending. The argument that conditionality is necessary to avoid such ills as moral hazard has also come under intense criticism (e.g., Collier and Gunning 1999; Abbott et al 2010) as well as the negative effects of IMF-supported reforms on the application and effects of foreign aid (Collier and Gunning 1999). Meanwhile, Ocampo (2002) argued that the benefits of IMF-supported reform were "overstated and their risks largely overlooked." While acknowledging that reforms generated positives such as low inflation and increases in export dynamism and foreign direct investment, Ocampo (2002) offered that the effects of such growth remained low and volatile, brought about increasing dualism in the economy, and was disappointing with regard to employment generation and poverty reduction. Such conclusions are largely consistent with the findings by Zettelmeyer (2006), Roxborough (1992) and Korzeniewicz & Smith (2000). Korzeniewicz et al, for instance, characterise economic growth as part of an "empty-box syndrome", meaning that economic recovery was less often than not accompanied by significant reductions in poverty or inequality.

In order to expand the benefits of IMF-supported reforms beyond mere economic growth, Collier and Gunning (1999) suggest that policymakers pay more attention to investigating and implementing policies in better sequence, and to spend more analysis on distributional effects. In Lasswell's terms, the *how* matters more than the *what* of economic reform. Conversely, Abbott et al. (2010) and Ocampo (2002) advocate fundamental changes in IMF policymaking, with the latter not concluding that "some basic assumptions

Non-final version

of reformers proved to be entirely wrong” (p. 84) and that more appropriate policies were needed to be tailored to particular contexts in order to bring about rapid economic growth alongside improved social indicators.

Much of the experiences of structural reforms were not initiated by the IMF, but rather were consistent with the orthodoxy of the 1980s as represented by US President Ronald Regan and UK Prime Minister Margaret Thatcher who served as the political foundation for a wealth of what are now known as orthodox (but were then quite radical) economists, some of whom rose to high ranks in a range of international organizations. Yet a set of neoliberal ideas that took hold during this period, including the idea of structural adjustment as a means to generate rapid and lasting economic growth also appealed to the leaders of many countries. Irrespective of whether the structural reforms were encouraged, cajoled or coerced by IMF or initiated by individual governments with no IMF involvement, the risks were the same.

To be sure, many countries that experienced structural reform – whether iniatied independently or under IMF auspices – did well. The structural reforms allowed their economies to recover and stabilize, allowing growth to emerge in ways that also helped the poor. Others countries saw both the economy overall and the income of the poor nosedive. Still others are examples of immiserizing growth. Thus, structural reform is a major pathway for many of the cases of immiserizing growth that emerged.

Non-final version

Dominican Republic (1984-1989)

Growth: +2.38%   Income: -6.45%

During the late 1980s, the Dominican Republic's economy grew under an IMF austerity program and policies designed to liberalize the country's system. As mentioned in our opening paragraph, tourism and the country's Free Trade Zones (FTZs) drove the Dominican Republic's economic growth in the 1980s. This was in the wake of IMF-imposed austerity under a loan program implemented in 1983 and 1985. The programs were met with rioting that left scores dead (Pastor 1989). Indeed, the resulting economic growth was poorly distributed. Between 1983 and 1988, the annual growth of FTZs was found to be almost 15 times higher than that of the rest of the economy, with growth in tourism being nine times higher. In the following years, FTZ exports grew more than 37 per cent annually, with exports from the rest of the economy declining year by year by nearly 12 per cent (World Bank, 1995: 3). Simultaneously, the rest of the domestic economy deteriorated in the 1980s, experiencing fluctuating and slow growth, increasing inflation, and worsening social conditions. Non-traditional exports, domestic supply constraints, and adverse external developments undermined the competitiveness of key Dominican products, everything from sugar to coffee to nickel (World Bank, 1995).

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The growing parts of the economy outweighed the deterioration in the traditional economy, creating net growth. Yet, the benefits generally bypassed the poor. The tourist industry operated with the characteristics of 'typical enclaves', employing limited numbers, excluding the rest of the population from participating, and enjoying special benefits such as virtual tax-free status that were not afforded to the domestic sectors (World Bank, 1995). Thus, while tourism could drive economic growth, it could not 'be the engine that…pull[ed] most Dominicans out of poverty', (World Bank, 1995: ii). The country's export processing zones exploded during this period, increasing employment from 36,000 in 1985 to 105,000 in 1989 – becoming the fifth largest among such zones in the world (Kaplinsky, 1993: 1856). The Dominican Republic's manufacturing sector also became the world's third most dependent on such zones, which accounted for 56 per cent of all manufacturing. However, the firms involved had nearly no forward or backward linkages with the economy, and led to what one scholar called 'immiserizing employment', (Kaplinsky, 1993: 1856). The World Bank (1995) concurred, concluding that, 'a relatively small group of rural poor have benefitted from the employment generation of the FTZs and even tourism', (World Bank, 1995: 25).

Non-final version

Simultaneously, under IMF-imposed conditions, prices for basic goods such as food and gasoline increased in 1984 and 1985. This sparked widespread protests, as the poor suffered disproportionately from inflation. The IMF program also scaled back aid programs that might have buffered the poor's

suffering. Yet the IMF praised the Dominican Republic as a successful case. The main IMF evaluation concludes that, 'Since 1992, the Dominican Republic has experienced an extended period of robust economic growth, declining unemployment, modest inflation, and, for the most part, a manageable external position', (IMF, 1999: 8). Yet, the IMF report does not mention poverty or even attempt to analyze changes in poverty rates or the conditions of the Dominican Republic's large population of the poor, must less recognize the organization's contribution to the conditions creating immiserizing growth. Instead, the report lists in its 'Challenges Ahead' section 'the need to press ahead with the reform agenda, which is broad and well articulated', as well as channeling domestic savings to 'the most productive investments' and 'more competitive markets', (IMF 1999, pp. 15-16).

The combination of these factors appears to have increased poverty in spite of relatively rapid economic growth. The percentage of Dominicans living in poverty rose from 18.3 per cent in 1986 to 24.5 per cent in 1989, and from 10.5 per cent to 13.7 per cent for extreme poverty during the same period (World Bank, 1995). Overall, even as employment and growth in the FTZs and tourist industries had been steadily increasing since the 1970s, the poorest in the country remained largely excluded because they were prevented from shaking off their reliance on traditional and labour-intensive industries that were failing in the wake of the reforms and the country's development policies.

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The Dominican Republic was not alone in experiencing immiserizing growth in the wake of structural reforms. El Salvador in the late 1990s experienced growth generated by the end of its long civil war. Yet, liberalization hurt industries on which the poor depended, especially agriculture, even as the new jobs created were for relatively well-educated people (e.g., Conning et al. 2001; Buitelaar & Perez 2000). Similarly, IMF-mandated liberalization hurt poor farmers and rural industries in the Ivory Coast, even as it slashed programs on which the poor depended (e.g., Esso 2012; IMF 2009b). Fujishock in Peru brought rapid economic growth, even as the employment prospects for low income workers worsened and weakened the traditional agricultural sector (e.g., Sheahan 2002; Crabtree 2002). Finally, Poland, alone among the shock therapy states in being praised for improved economic performance (e.g., Sachs 1994), experienced several years of immiserizing growth, as low-income workers endured mass layoffs and slashed safety nets (Kramer 1995).

Non-final version

Pathway 2: Structural Transformation

In contrast to the first pathway, which liberalized their economy, causing immiserizing growth, this pathway is characterised by immiserizing growth via structural transformation. That is, as these countries shifted away from agriculture to manufacturing, or from basic manufacturing to more advanced, capital-intensive industrialization, or more industry in general to

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advanced services, periods of immiserising growth emerged. Herrendorf et al. (2013) define structural transformation as the process in which economic activity is reallocated from agricultural sectors to manufacturing and services sectors. As this transition occurs, countries move from more labour-intensive industries to less labour-intensive, more capital-intensive ones. Countries so doing move up the value chain in order to spur economic growth and maintain economic competitiveness in the world economy. In many cases, however, these policies can eliminate employment and other economic activities on which the poor depend, while generating new opportunities in which the poor can largely not participate.

Tsakok (2011) identified five key components critical to successful transformation from an agriculture-driven economy: macroeconomic and political stability; effective technological diffusion; ability to access markets; effective ownership and reward systems; and employment-creation by non-traditional sectors. Underlying these five conditions is "sustained government investment in and delivery of public goods and services" (Tsakok 2011: xxi-xxii). Building upon this baseline, Timmer (2015) suggests three common possibilities that explain failure (and success) of countries in sub-Saharan Africa and Asia to make the successful structural transformation: poor resource base (explaining a country's suitability for rapid growth in agricultural productivity); weak institutions (leading to inactive governance or poor policy choices); and "being a latecomer" to increasingly competitive global markets (forcing 'late' countries to be unable to enter saturated

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markets, while entrenching a reliance on agricultural sectors for more than just food).

Briones and Felipe (2013) argue correctly that the industrialised economics of East Asia – Japan, South Korea, the Republic of China followed an agricultural development-led industrialisation pathway, with other economics (the People's Republic of China, Vietnam; to a lesser extent, countries in Southeast Asia) following a similar trajectory, where surpluses in agricultural growth fuelled the development of non-agricultural sectors. Such successes followed the conditions that Tsakok and Timmer outlined. The inability to fulfil similar conditions explain why, according to Timmer (2015), countries in sub-Saharan Africa and India have not been able to "seek lessons from Asia" (pg. 122) and embark on structural transformation in a manner similar to some countries East and Southeast Asia. As we will see, however, some Asian countries experienced immiserizing growth even while successfully transforming their economic structures.

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Singapore (1978-1983)

Growth: +5.83% Income: -1.28%

In the face of the changing global economy in the late 1970s, the Singapore government became aware of the dangers of being over-reliant on labour-intensive industries, and the subsequent need to shift the economy toward capital-intensive sectors (Rodan, 1985). Singapore's economy underwent

significant reforms during this period, with the automation of processes previously done by non-skilled or semi-skilled physical labour fundamental to these shifts (Chow et al. 1988: 178; Peebles and Wilson, 1996: 37).

In 1979, the government was dissatisfied with the rate of restructuring, and embarked on aggressive measures to expedite the transition (Rodan, 1985). A series of substantial wage increases was implemented in a bid to force less productive industries to either close down or upgrade (Rodan, 1985; Lee, 2001a).[3] The effects of the wage hike were significant: by 1981, jobs were being replaced by capital investment at a high rate, with a 71 per cent rise in fixed investment and 28 per cent rise in value-added per worker across the economy (Rodan, 1985); such increases were coupled with a 37 per cent drop in new jobs created in the first quarter of the year. While the growth of the service sector 'did not come at the expense of the manufacturing sector' (Lee, 2001a: 214), the decline in low-skilled job losses across both the manufacturing and service sectors were significant and intractable due to the rising costs of low-skilled labour (Lee, 2001a), with employment opportunities hard to come by and skills retraining at that time unavailable. Meanwhile, agriculture in Singapore continued its rapid decline, forcing many to seek jobs in Singapore's increasingly modern economy.

Non-final version

[3] Prior to 1979, restructuring was voluntary, and based on incentive-based approaches such as write-downs for capital and governmental grants.

Singapore's anti-poverty public programs compounded the high level of unskilled unemployment. Public assistance programs in Singapore are famously limited and dependent upon self-financing, with Singapore adopting the practice of provident-fund approaches to social security (Lee, 2001b). As a result of this, the primary strategy for families to avoid poverty was simple: remain employed. With employment opportunities in basic manufacturing shifting away, Singapore's miserly, inadequate, and often inaccessible public programs proved insufficient to meet the needs of the poor, the elderly, and the less educated (Lee, 2001b).

Thus, as economic growth remained moderately strong as productivity increased, those with insufficient human capital – the poor, disproportionately – to meet new demands from the service sector inevitably suffered job losses and lower incomes (Chow et al., 1988; Lee, 2001b), and ultimately, lack of support in finding their feet in a transitioning economy. Singapore's relatively broad-based public housing and education programs were intended in part to moderate poverty; however, in the years between 1978 and 1983, they appeared to have only done so very selectively and insufficiently, with the least skilled of society being excluded from the employment opportunities of the economic transition, as well as suffering from public assistance programs ill-designed to address their needs (Lee, 2001b).

Non-final version

Singapore was not alone in traversing this pathway to immiserizing growth. Examples as disperse as France during the 1950s and Puerto Rico during the 1960s followed a similar pathway. In France's case, the 1950s saw a shift towards pursuit of economic growth at all costs by opening the economy to foreign competition and nurturing large-scale and high-tech modern manufacturing. As the economy shifted up the production chain, low-income workers, whose survival strategies were undermined as low-tech industries and agriculture sectors disappeared, were unable to follow (e.g., Clout 1972; Kuisel 1983). Similarly as Puerto Rico transformed from an agrarian to an industrial and service-based economy during the 1950 – initially this helped increase the income of the rich and poor alike (e.g., Sotomayor 2004). However, as the development policy, dubbed "Operation Bootstrap," continued, it undermined the agricultural and labour-intensive segements of the economy (e.g., Andic and Mann 1976; Mann 1985).

Pathway 3: Ethnic-based exclusion

Indigenous peoples in most countries throughout the world experience discrimination and alienation, and are often excluded from participating in the broader economy. Hall and Patrinos's (2012) are consistent with earlier studies (e.g., Psacharopoulos and Patrinos 1994), revealing that between 1994 and 2004, income levels of indigenous peoples have been consistently lower than that of the rest of the population. What is more, human development indicators such as education, healthcare and access to public-

Non-final version

assistance programmes followed a similar trend (e.g., (Ullah 2017). Such trends have resulted in high poverty rates amongst indigenous people, with little to no improvement over time.

Bolivia (1991-1997)

Growth: +4.24%   Income: -13.07%

Bolivia undertook a series of deep structural reforms in the mid-to-late 1980s, in response to hyperinflation, declines in GDP, and political volatility brought about by external international shocks (Jemio et al., 2009). This sparked the implementation of broad economic reforms and the capitalization of state-owned enterprises in the early-to-mid 1990s (Flexner, 2000; Jemio et al., 2009). Such policies aimed to improve the efficiency of various sectors of the economy, and thus overall function of the economy. The reforms produced positive effects such as macroeconomic stability, strengthening of crucial political and economic institutions, and a sharp rise in foreign direct investment (Flexner, 2000; Jemio et al., 2009). Bolivia's overall economy expanded as a result.

Non-final version

Despite the overall expansion, poverty persisted, as economic stability and growth in the 1990s did little to improve the income, education, and health indicators of the poor. Yet, the experience of Bolivia's poor varied greatly by region. Bolivia's reforms attracted foreign direct investment; these were

channelled into the eastern lowlands areas (Jemio et al., 2009). The average growth rate in the eastern lowlands between 1990 and 2006 was double that of the western highlands that largely lacked such investment. The western highlands remain the most populated area of the Bolivia, with the highest concentration of poverty (Gigler, 2015; Jemio et al., 2009).

In contrast to other immiserizing growth spells that emerged from structural reform, the worsening conditions of the poor resulted largely from the exclusion of Bolivia's indigenous population from the gains of growth (e.g., Gigler 2015). By the late 1990s and early 2000s, only 6.1 per cent of Bolivia's indigenous population lived in the eastern lowlands (Gigler, 2015). Not only was growth maldistributed, the growth-oriented policies undermined the survival strategies of the indigenous population of Bolivia. These disruptions included mass unemployment caused by mass privatization in the mining and other key sectors, and the inability of smallholders in the rural highlands to effectively partake in liberalized agriculture markets (Gigler, 2015). Sharp declines in governmental revenue due to privatization also led to drastic cuts in public spending, compounding the plight of the indigenous population in Bolivia (Gigler, 2015). The indigenous population was thus effectively excluded from economic growth; worse, their predicaments compounded by the very policies that drove growth for others in the country, reflecting the cultural and social, thus economic, situation of this vulnerable group of people in Bolivia (Morgan, 2011).

Non-final version

Thus, Bolivia during this period, like Mexico during a similar period, experienced immiserizing growth primarily by excluding certain ethnic groups. As explained in more depth in Chapter xxx of this volume, Mexico too experienced rapid economic growth throughout much of the 1990s due to trade liberalization and openness (e.g., Kehoe and Ruhl 2010). The adjustment hit agriculture and traditional industries hard, but primarily undermined the survival strategies of Mexico's indigeneous farmers, who were forced further to the south (e.g., Lustig 1990; Teichman this volume).

Pathway 4: Rapacious use of resources

This pathway is characterised by research-rich countries led by rapacious and predatory leaders who use resources to enrich themselves. Although the exploitation and sale of natural resources created economic growth, it is shared by only a small swath of people (for a study of rapaciousness, see Evans 1989). Meanwhile, this natural resource exploitation crowds out other industries, including traditional ones, which are also hurt by the deep corruption in these countries' governments.

Central African Republic (CAR) (2003-2008)

Growth: +4.10% Income: -4.62%

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According to World Bank (2015) data, the Central African Republic's (CAR) economy grew significantly between 2000 and 2008, despite both the 2003 coup that led to General François Bozizé becoming president and the outbreak of the Central African Republic Bush War in 2004. Economic growth in the CAR is largely driven by the country's natural resources, with sales of diamonds and timber making up approximately 80 per cent of export revenue (IMF, 2009a).

The pattern of 'concessionary politics' – outsourcing governance in return for compensation – explains the ruling tendencies of the CAR state. Sources of revenue were outsourced to external, non-national actors, with the state benefitting by compensations such as the hefty taxes, rarely used for public purposes, imposed upon such operations. This form of predation is most explicit in the CAR's diamond industry, which a series of presidents have exploited for private gain (Dalby, 2015), outsourcing extraction and export operations to foreigners in return for personal gain. François Bozizé, for one, continued the policies of his predecessors that essentially legitimized extensive forms of nepotism and cronyism, with family members and friendly officials extensively involved and benefiting from control over every aspect of the diamond industry (Dalby, 2015). Such actions, described as the "extortionist logic of the Central African rentier state" (Smith, 2015) – have affected other natural resource industries, including timber, uranium, and petroleum. As Africanist Stephen W. Smith (2015) argues, "the more exceptionally underperforming CAR's state becomes, the more frequent …

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the ruling elite's recourse to concessionary politics" in order to exploit greater rent. In this way, economic growth was driven by the state's exploitation of key resources, with distribution of the wealth brought about by economic growth limited to particular actors and activities. This model of governance essentially benefited the few to the "detriment of the overall population and the public weal" (Smith, 2015).

Two groups primarily benefitted from economic growth: the political ruling elite in the CAR, and the commercial class composed almost entirely of 'foreigners' – citizens or non-citizens whose family ties or origins lay outside of the country (Marchal, 2015). As such, much of the domestic population has either been exploited by the concessionary tendencies of the state (those working in key natural resource industries), or has been entirely excluded from economic growth, including primary sectors such as agriculture and livestock production, which account for more than 50 per cent of the domestic economy (IMF, 2009a).

In the CAR, concessions became "the default mode of governance" (Smith, 2015), fueling a "vicious cycle" as "local deficiencies are aggravated by the abdication of governance … in return for pecuniary compensation" (Smith, 2015). In addition to concentrating wealth amongst the few, such a model makes it impossible for local expertise and businesses to develop (Dalby, 2015), worsening inequality in the CAR.

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Did only one country with significant natural resources experience immiserizing growth? There are likely more, although they did not emerge from the case selection process. For instance, the Democratic Republic of Congo experienced economic growth of nearly nine percent in 2014 (World Bank 2017),[4] yet data are insufficient to conclude these countries experienced bouts of immizering growth. Sophisticated and comparable databases, such as that compiled by the World Bank for the DR Congo as well as many similar sub-Saharan nations, including Republic of Congo, Angola, Liberia, and Sierra Leone, had only one data point in Dollar and Kraay's datasets. It is possible that if the data were sufficient, they would emerge as examples of immiserizing growth. However, it is also likely that the countries replicating the CAR's experience are relatively rare, not in terms of declining incomes of the poor, but in their ability to generate sustained and significant economic growth; many sub-Saharan countries, such as those rich in diamonds and other resources, are unable to do so (e.g., Tuslaem and Morrison 2014). Moreover, in the CAR's case, that growth meant nothing to the general population, as its benefits were captured by a narrow strip of the population.

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[4] The authors thank Tatiana Carayannis for pointing this out.

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Conclusions

The cases described here are focused on four primary pathways: structural reforms, structural transformation, the systematic exclusion of indigenous populations or other ethnic minorities from the benefits of growth, and rapacious use of natural resources. While none of these pathways are novel – all are grounded in the development literature - our research verifies that these are part of specific pathways towards immiserizing growth.

Which overarching theory of immiserizing growth do these patterns support? Amin's suggestion that linkages with the international system cause immiserizing growth is valid as far as it goes. To be sure, the patterns seen in each of the three examples described here had extensive interaction with the international system, and these interactions were indeed linked to their bouts of immiserizing growth. The Dominican Republic's austerity plan was proposed as a condition of an IMF bail-out plan. Singapore's growth was caused by its links with MNCs and international trade, and its loss of jobs in the labour-intensive sector was predicated on the globalization of capital, and manufacturing's ability to quickly shift production around the world. Bolivia's adjustments – as well as the needs for these adjustments – were similarly sparked by the international system. The decline in traditional manufacturing and agriculture were caused in part by the international system. The CAR's ability to sell its natural resources relied on international players' willingness to deal with a distasteful and repressive regime. Countries integrating into the international system have had a diversity of

Non-final version

experiences, including some in which the incomes of the poor increased tremendously. However, the poor in the cases detailed here were harmed by crude attempts to embrace globalization. While Amin's hypothesis is at least partially consistent with the evidence, he downplays domestic factors by dismissing domestic politics as being linked to and to some extent controlled by global capitalists. However, Singapore's government fiercely resisted international pressure, but had firmly embraced globalization as the only way for a small city-state to survive. This was also true of the Dominican Republic's government, although to a much lower extent. Bolivia during that time depended to a greater extent on the will of powerful international actors – but that cannot explain the exclusion of ethnic minorities. To blame the rapaciousness of the Central African Republic on the international system is accurate, but to too great an extent lets domestic actors off the hook for their own rapaciousness.

Non-final version

Since the answers Amin and other dependency theorists provide provides only part of the explanation for these pathways to immiserizing growth, the question becomes under what conditions do links with the north help or hurt the poor? The more specific predictions of Eastwood and Lipton (2001) detail several possible mechanisms through which economic growth could undermine the livelihoods of the poor – by increasing their costs, replacing their labour with capital, or undermining the competitiveness of traditional industries. We have seen each of these mechanisms on display here. Structural adjustments and structural transformations do each of these, as

reflected in the cases of the Dominican Republic and Singapore. Bolivia's experience with these problems were worsened by the systematic exclusion of indigenous groups. The Central African Republic fits least well in this conception because by and large the majority were excluded from the wealth created by natural resources. Corruption and lack of effective governance affected them more directly than any interaction between them and the economic activities of the elites.

Thus, three of the four pathways are united in that the forces that generated the economic growth undermined the survival strategies of the poor. The modernization of industry and agriculture, in most cases, undermined traditional industries and the subsistence of small-scale agriculture. The opening of the economy to globalisation increased competition in the traditional factors and shifted overseas many jobs on which low-income families depended. While some countries, like the Dominican Republic, were net beneficiaries of this shift, the poor in that country were largely excluded from the new opportunities emerging in their established Free Trade Zone. All of this generated economic growth, but the poor could not paticulat in the resulting opportunities, even as the same drivers of the growth itself served to undermine the foundation on which their survival strategies depended. In some cases, such exclusion was class-based – the poor typically lacked the formal education and other attributes needed to participate directly in more advanced jobs. In other cases, such exclusion was intentionally ethnic in nature, as minorities were systematically

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excluded from participation based on long-standing discrimination, both formal and informal.

Ironically, the fact that economic growth in many of these cases also came with increased misery for the poor often went unnoticed. In fact, some of these cases have been promoted as success stories. The IMF held the Dominican Republic's case as a success, emphasizing the gains to its overall economy, but not mentioning or even analysing the impact liberalization had on the poor (IMF, 1999). Singapore is a quintessential example of rapid economic growth that coincided with poverty reduction. Similarly, El Salvador has been described in glowing terms in one World Bank report (Marques, 2004). Poland was held up as an exception to the horrors of shock therapy (Sachs, 1994). Largely, the degree of success is largely evaluated on the basis of GDP. By contrast, our approach examines the experience of the 'least of these' before judging the performance of any economic or reform policy.

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From this review of cases of immiserizing growth, a number of conclusions can be reached. First, this study did demonstrate that there are several pathways that can create immiserizing growth. The fact that many of these pathways stemmed from either structural reforms or structural transformation is sobering, and underscores that these programs can exacerbate poverty. Second, this chapter emphasizes the importance of understanding the survival strategies of the poor before undertaking any

reform on the economy. Any reform should not undercut these strategies, but rather should strive to augment these strategies or provide alternatives. Third, these pathways bolster the voice of criticism of GDP as a measure of success. This study does not undermine conclusions that economic growth generally reduces poverty (e.g., Dollar and Kraay 2002; Dollar, Kleinberg and Kraay 2016). It does underscore that exceptions – and not a small number of them – persist. Thus, it is not enough to conclude that growth is good for the poor. Instead, it is more appropriate to ask, under which conditions can growth be made better for the poor.

Non-final version

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