

# ASIA'S DEVELOPMENT CHALLENGES

The Asian Century: Plausible But Not Pre-ordained

...a five lecture series

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March 31, 2015

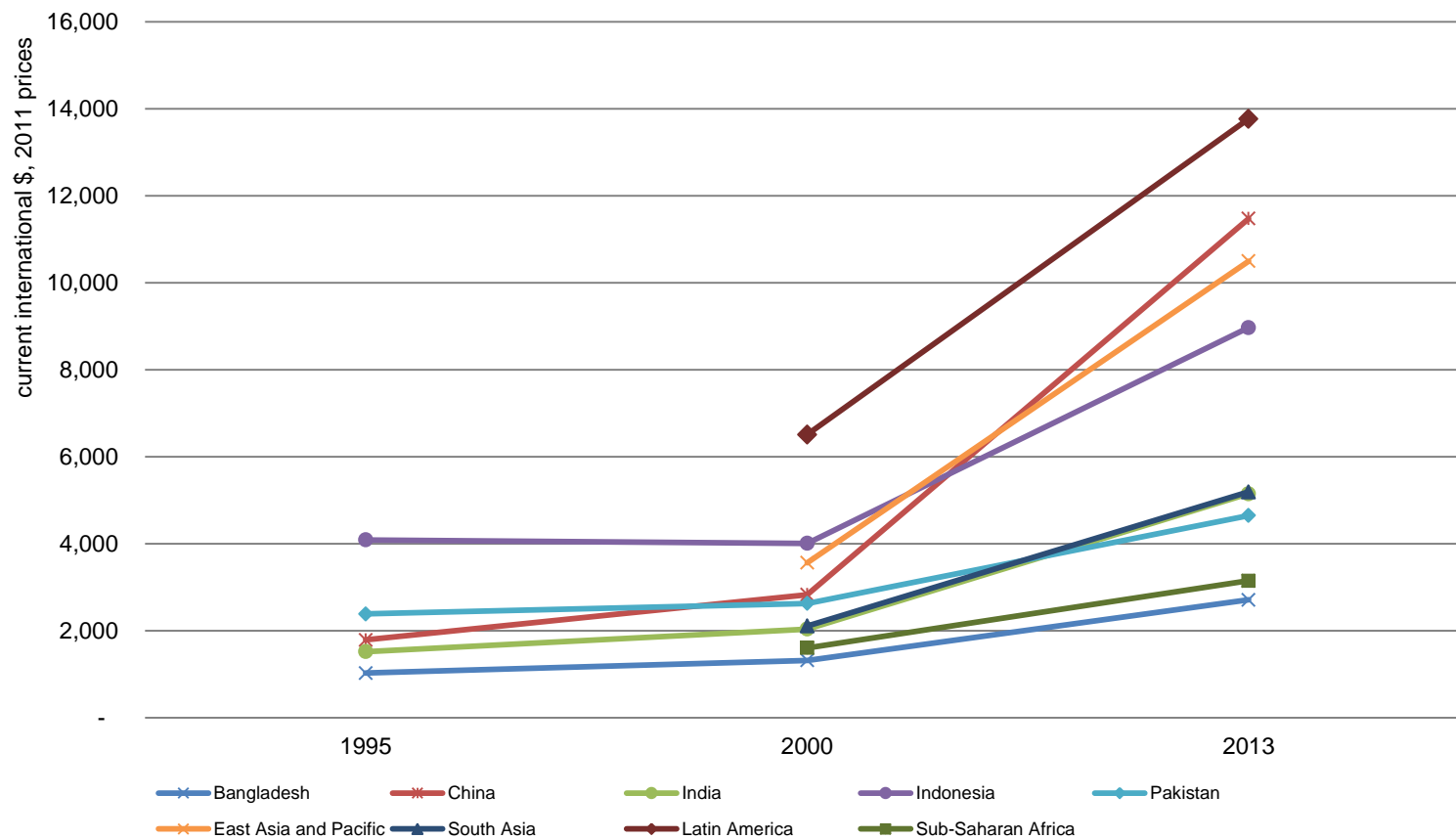




# LECTURE 1: THE TWO FACES OF ASIA AND THE NEED FOR INCLUSIVE GROWTH

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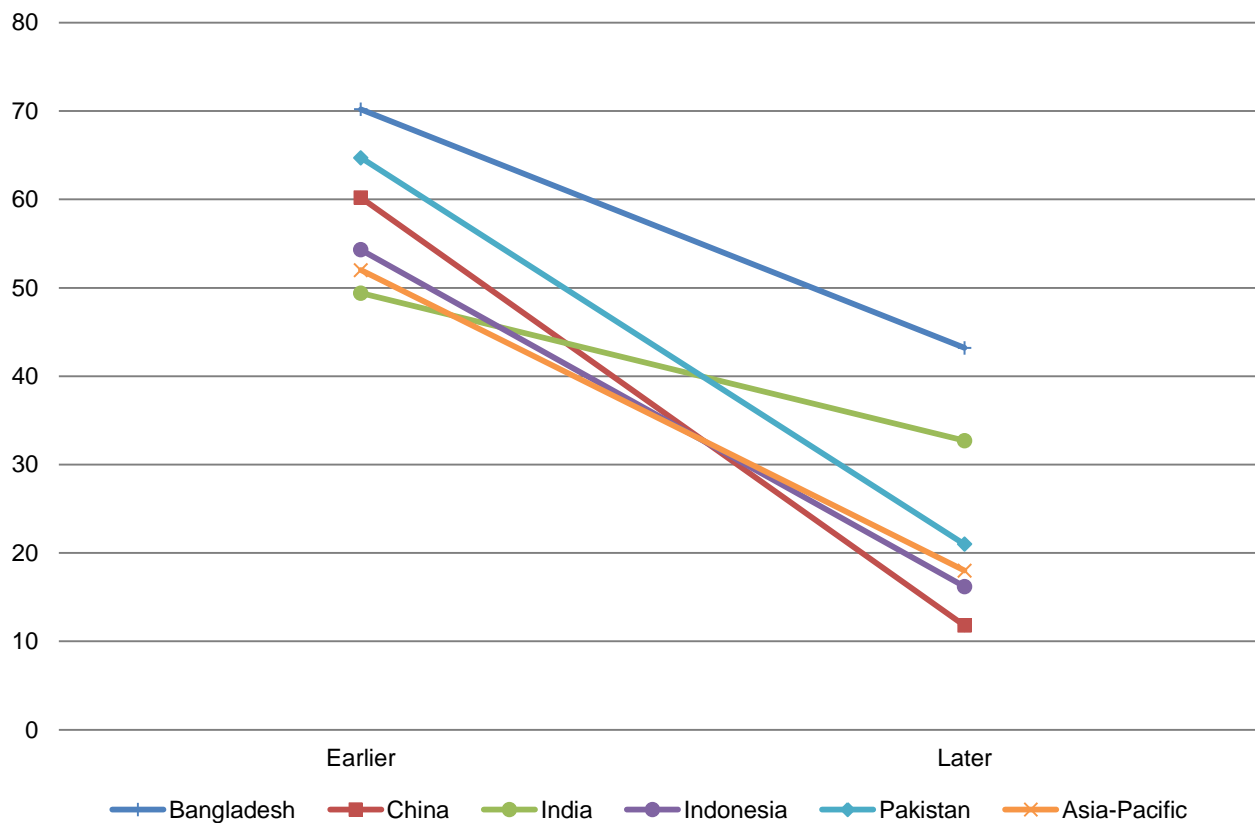
## GNI per capita, PPP



Source:  
 World Bank Data, [data.worldbank.org/indicator](http://data.worldbank.org/indicator), for 1995, 2000  
 HDR 2014, Table 1, HDI and its components  
 HDR 2000, for GDP/capita for the sub-regions

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## Poverty as percent of population (\$1.25/day PPP)



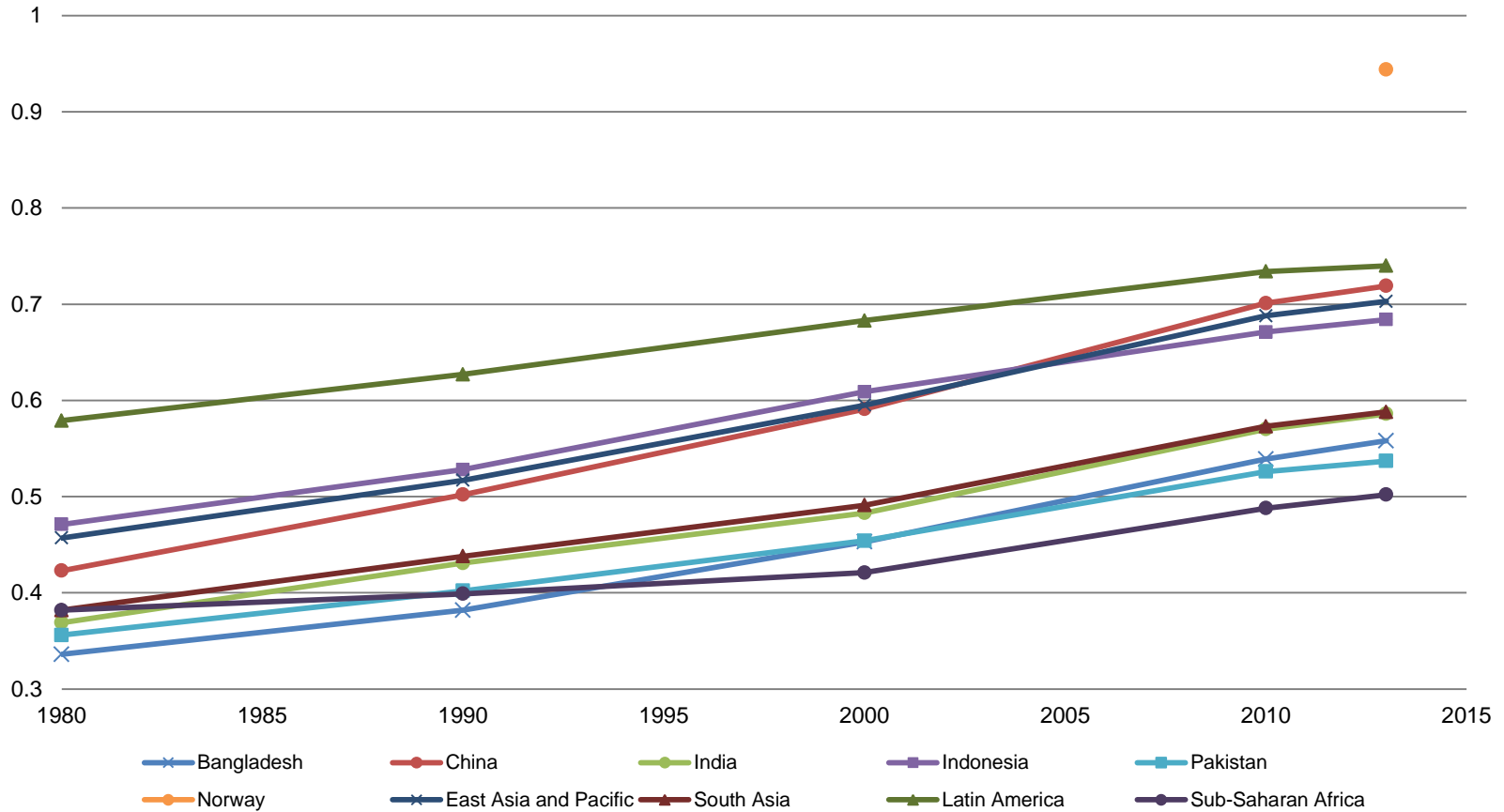
Source:

- ADB/UNESCAP/UNDP
- Asia Pacific Regional MDG Report 2012/13 p. 76



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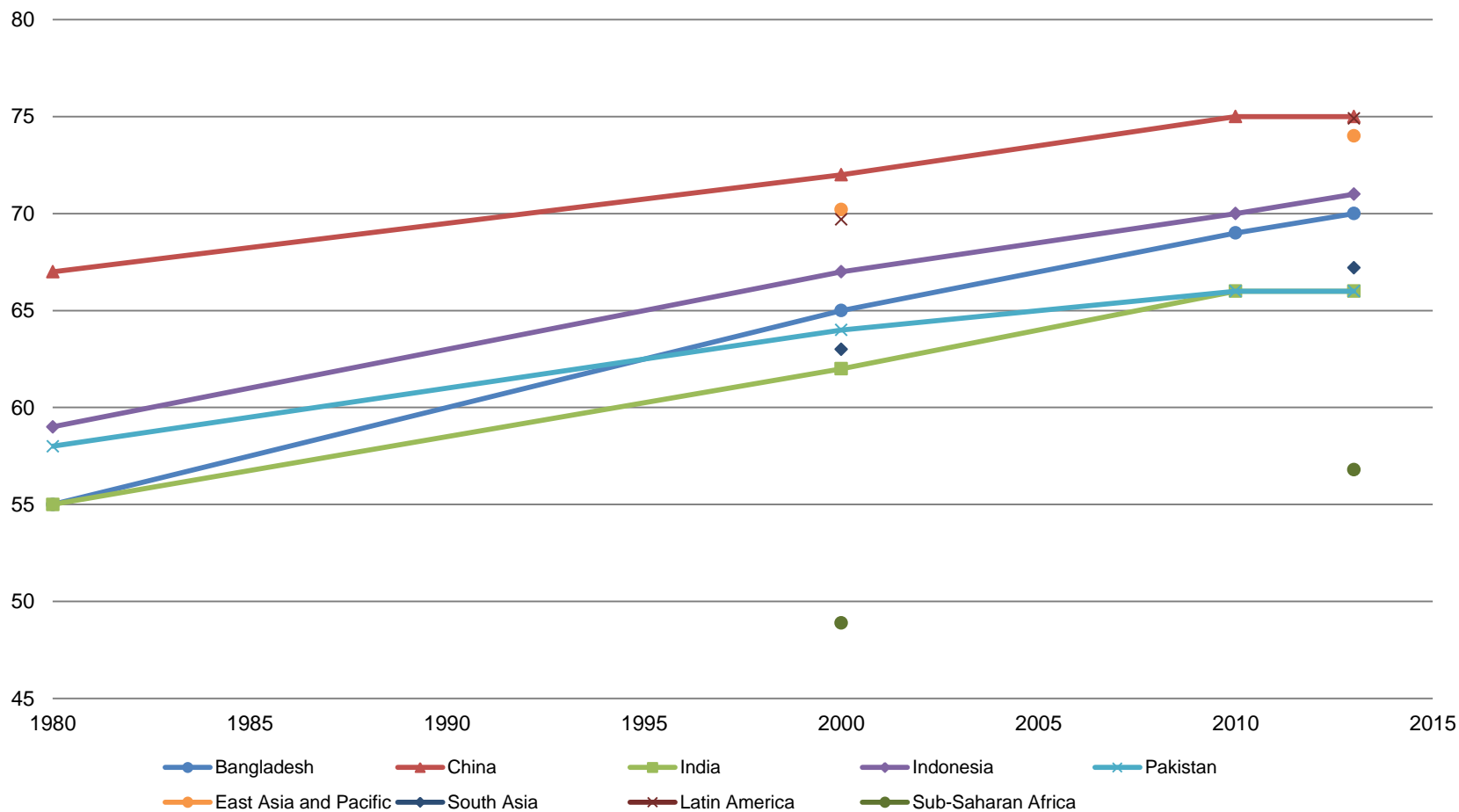
## Human Development Index, 1980-2013



Source: HDR 2014, HDI Trends 1980-2013, Table 2

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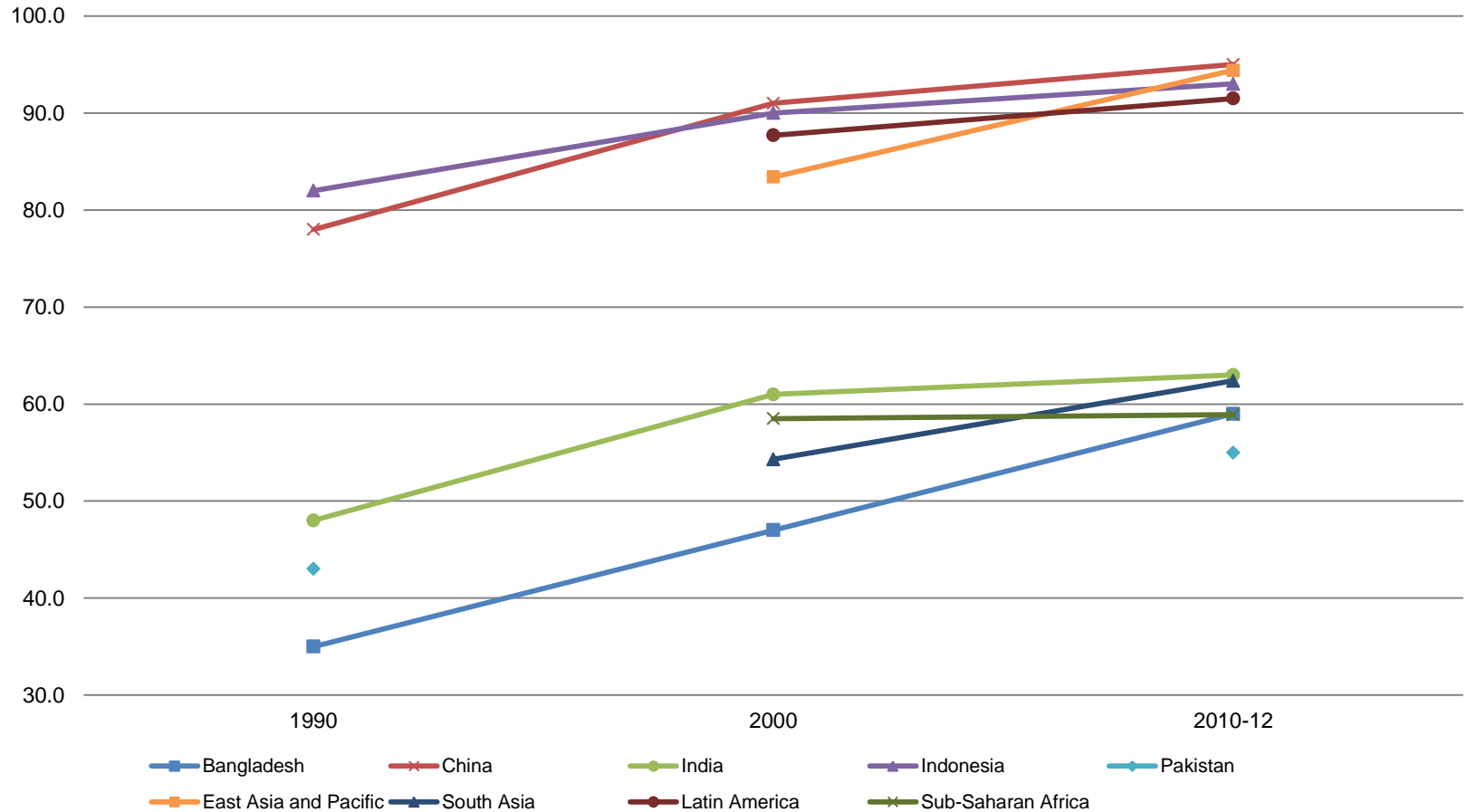
## Life Expectancy (years) at birth



Source: World Bank Data; [data.worldbank.org/indicator](http://data.worldbank.org/indicator)

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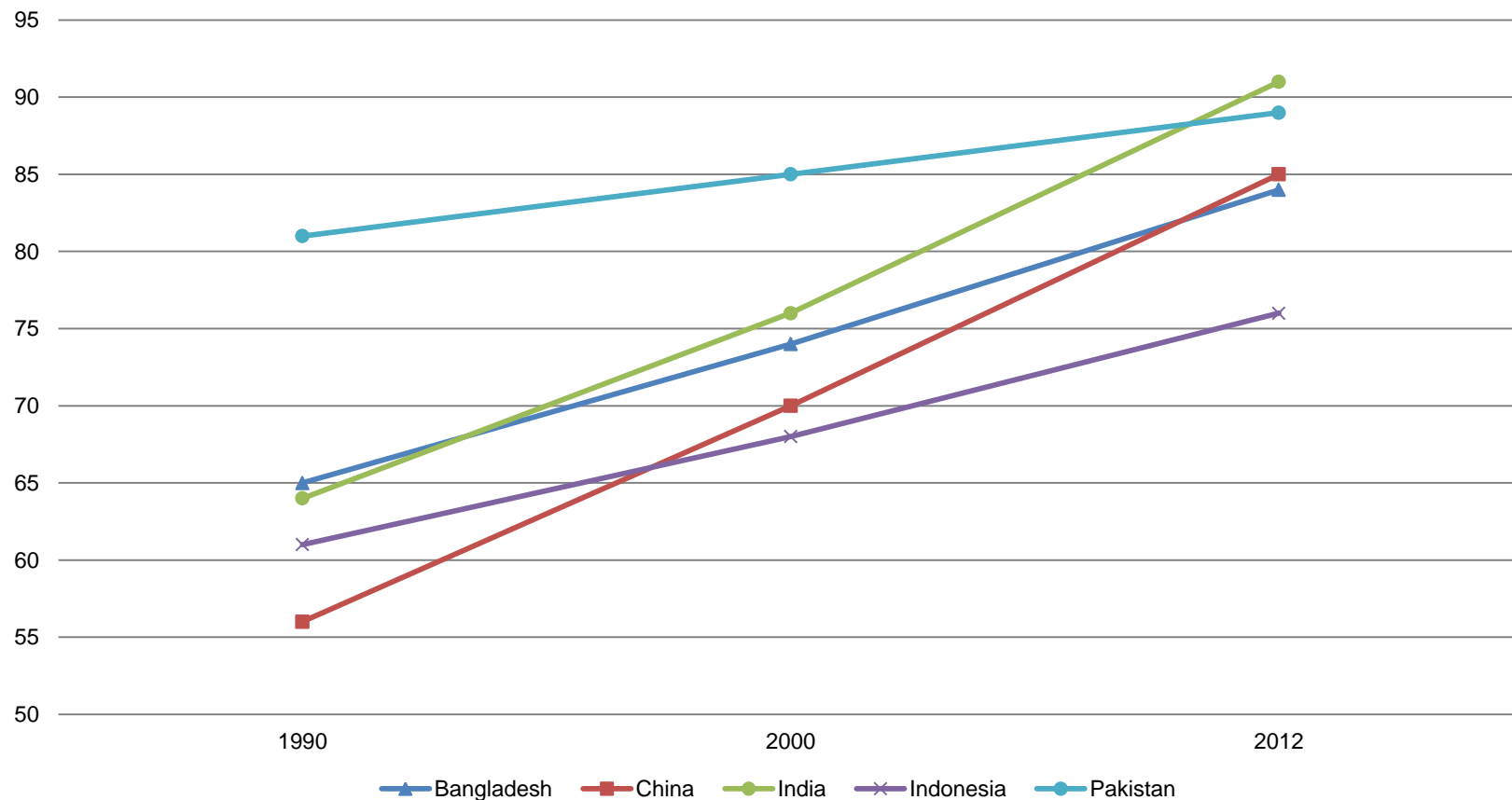
## Adult Literacy (% of age 15 and over)



Source: World Bank Data; [data.worldbank.org/indicator](http://data.worldbank.org/indicator)

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## Access to improved water source, rural (% of population)

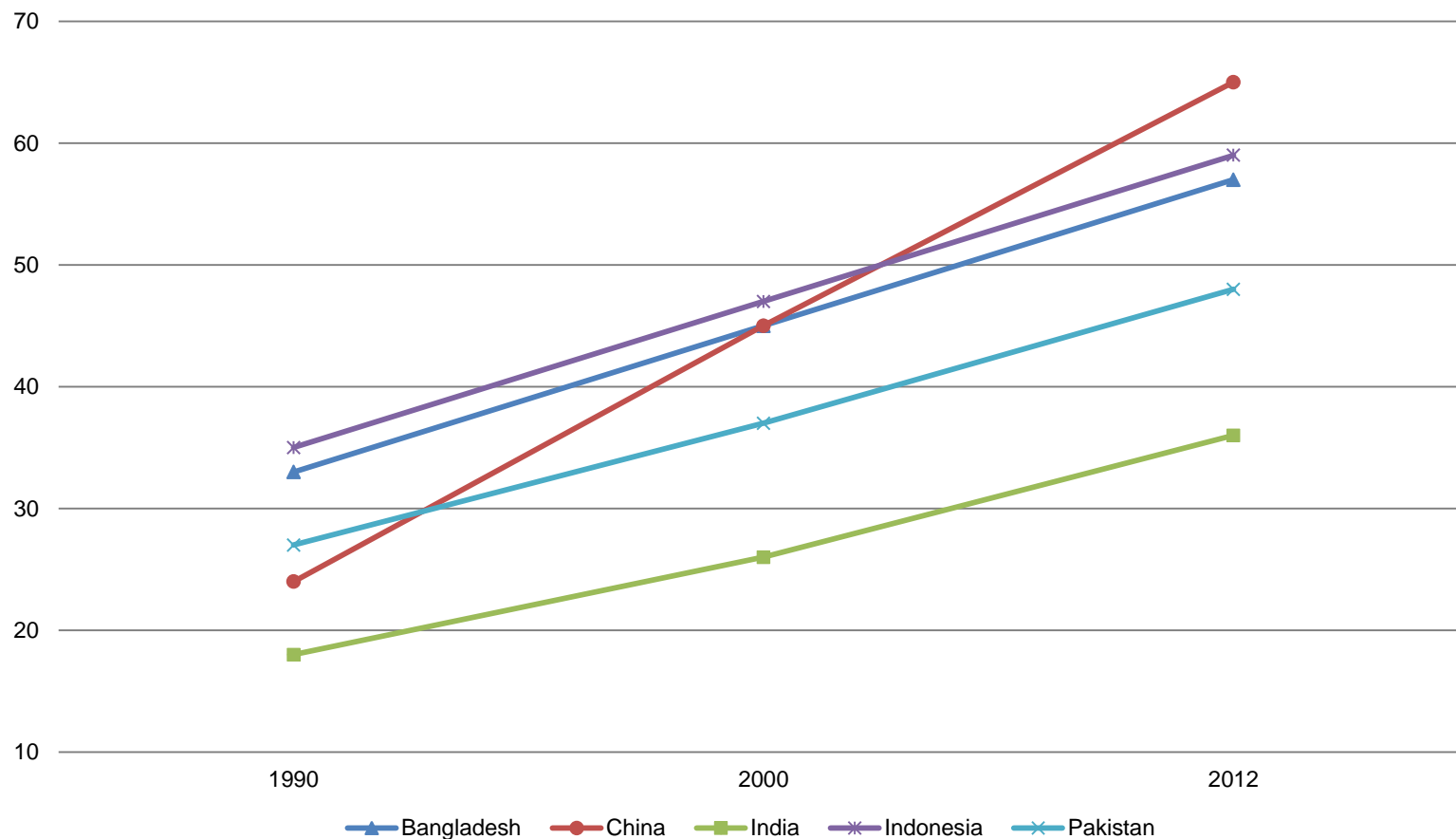


Source: World Bank Data: [data.worldbank.org/indicator](http://data.worldbank.org/indicator)



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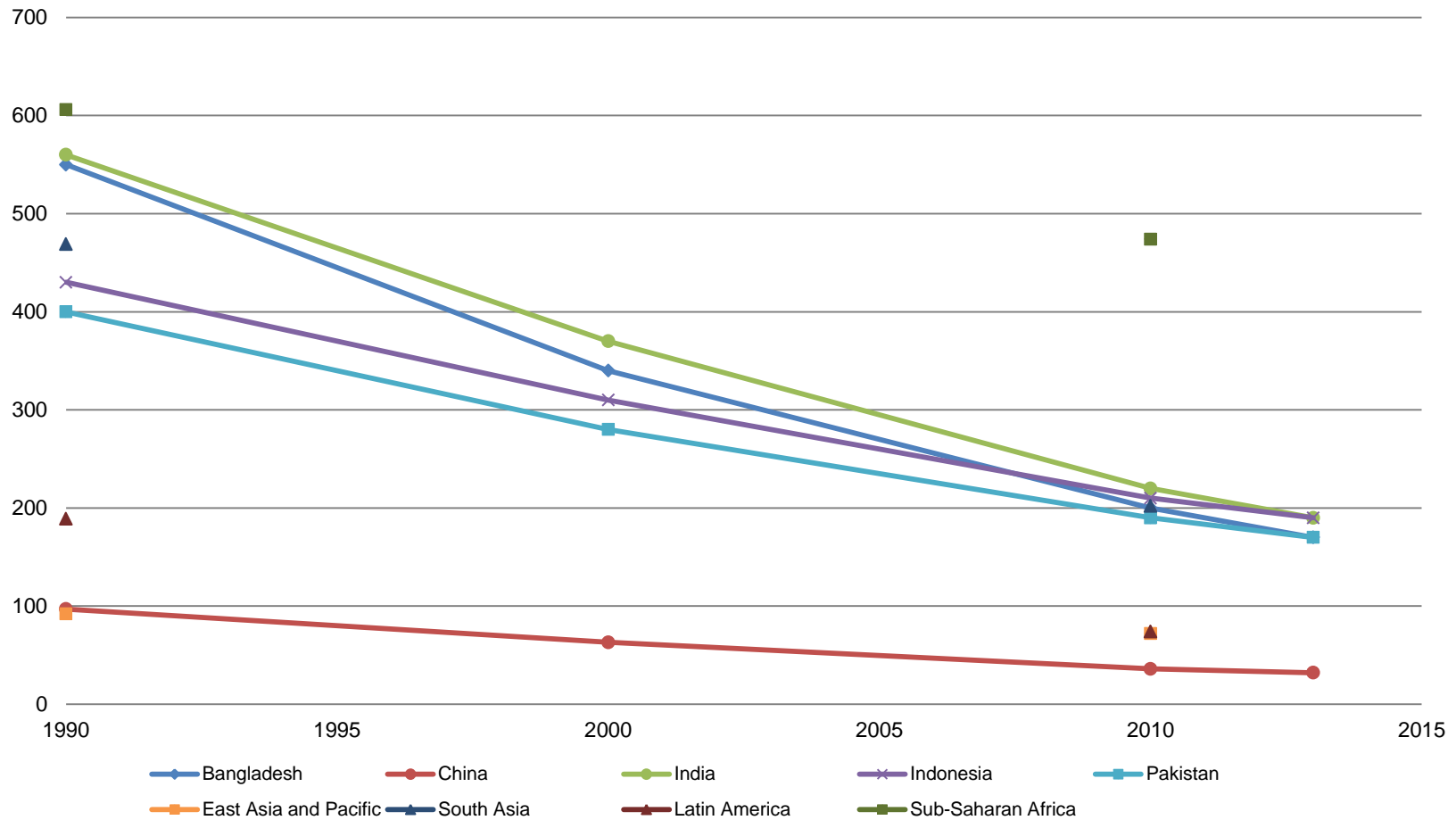
Access to improved sanitation (% of population)



Source: World Bank Data: [data.worldbank.org/indicator](http://data.worldbank.org/indicator)

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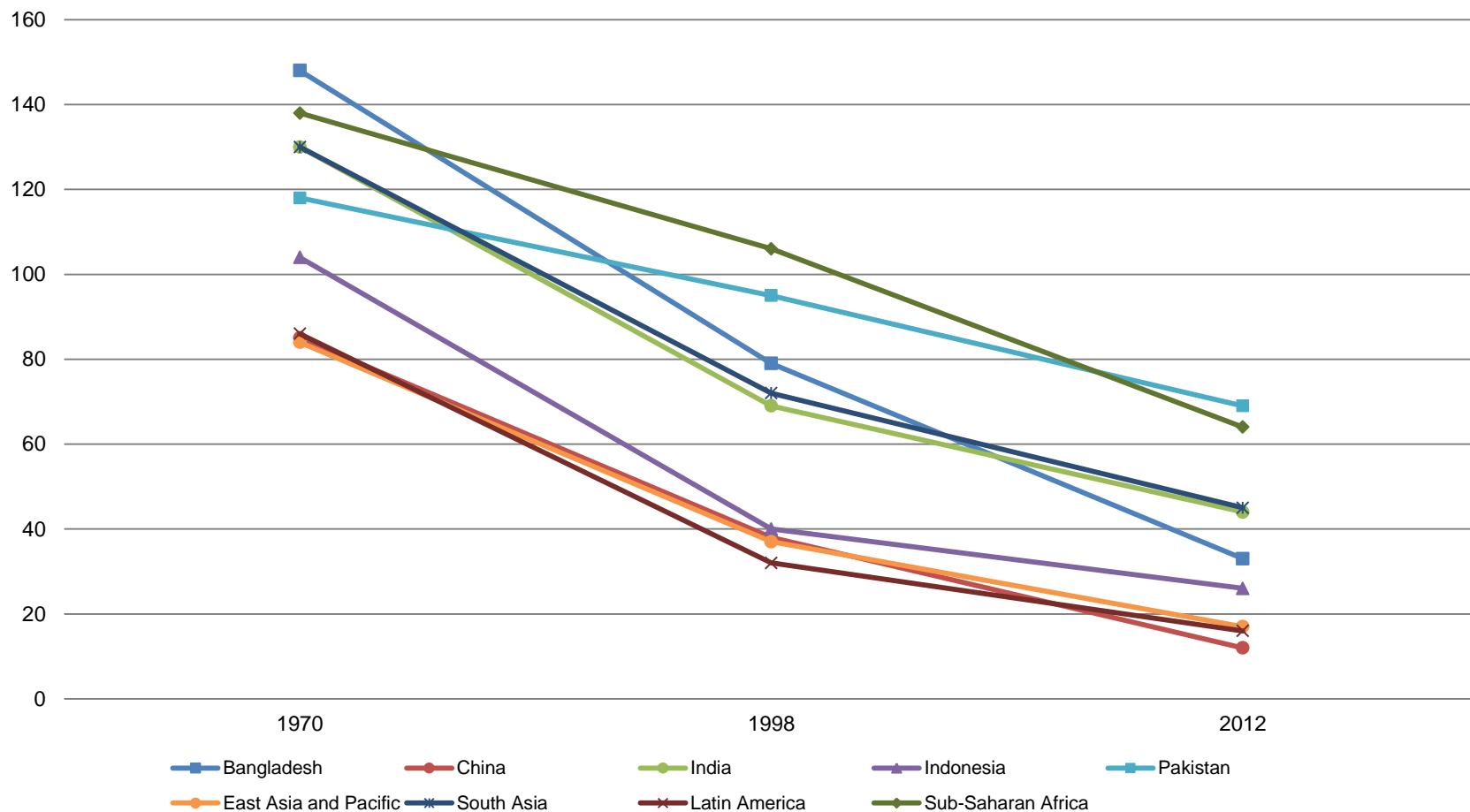
Maternal Mortality Ratio (per 100,000 live births)



Source: World Bank Data: [data.worldbank.org/indicator](http://data.worldbank.org/indicator)

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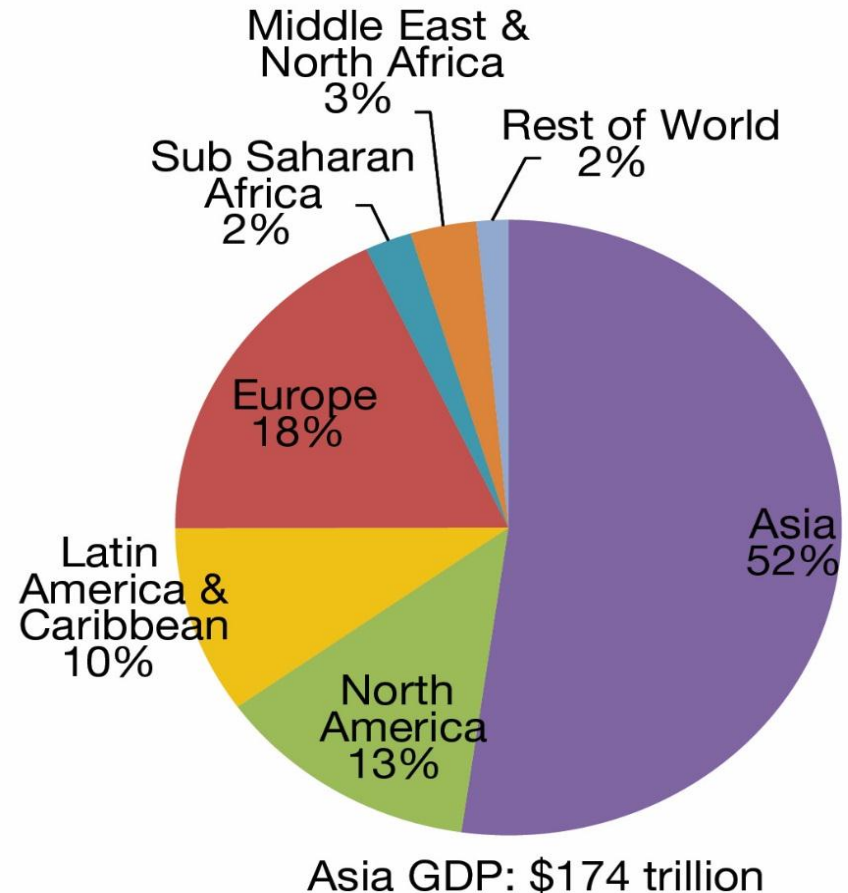
## Infant Mortality (per 1,000 live births)



Source:  
 (1) HDR 2000, Table 9  
 (2) HDR 2014, Table 7

## Asian Century

Share of global GDP (%), MER	Asian Century
Asia	52
PRC	20
India	16
United States	12
GDP (\$ trillions, MER)	
Asia	174
PRC	68
India	53
United States	38
World	333
GDP per capita (\$ PPP)	
Asia	40,800
PRC	52,700
India	40,700
United States	94,900
World	37,300



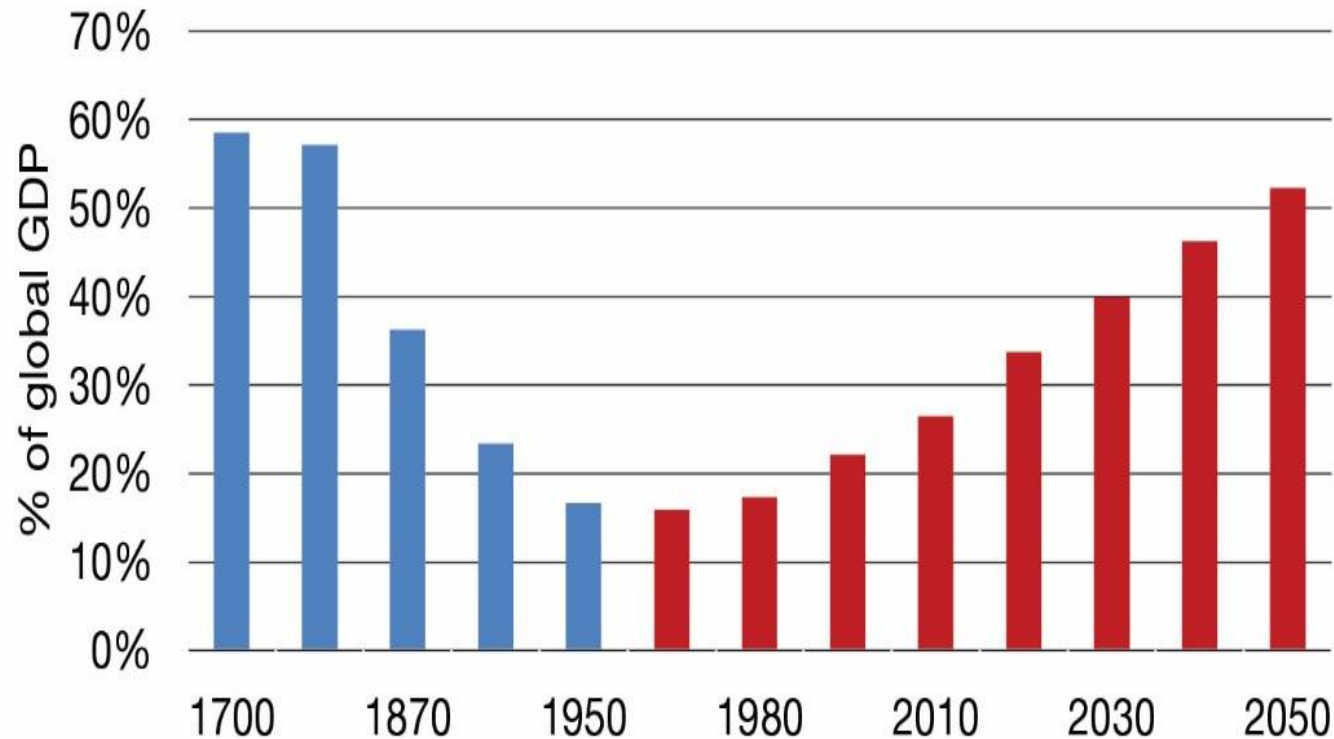
Source: Asia 2050, Emerging Markets Forum

Under the Asian Century Scenario, by 2050:

- Some 3 billion more Asians could become affluent
- Asia's output could be just over half the world's output
- Asia's per capita income could rise six-fold in purchasing power parity (PPP) terms
- Asia could be about as prosperous as Europe today

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## Asia's share of global GDP, 1700-2050



Source: Asia 2050, Emerging Markets Forum



## BASIC PROPOSITION:

## THE ASIAN CENTURY: PLAUSIBLE BUT NOT INEVITABLE

### Eight Challenges Ahead:

1. Continuing and large deprivations, and rising inequality within countries ( The Two Faces of Asia )
2. Population Dynamics and Demographics: a curse or a dividend?
3. Intense Competition for natural resources



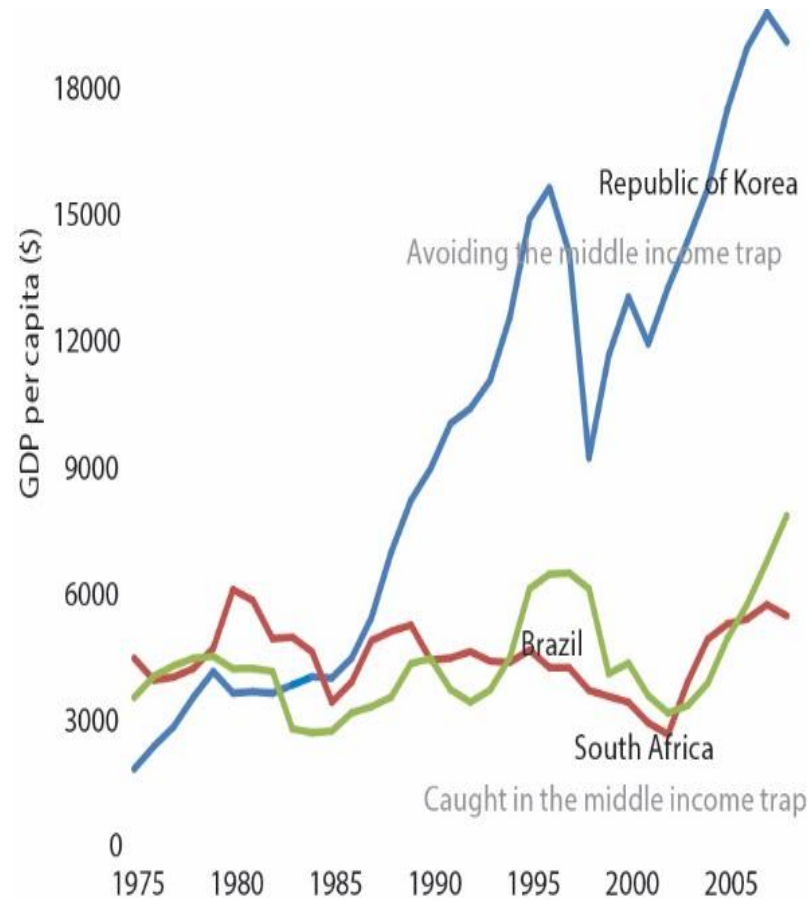
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4. Infrastructure deficits/managing massive urbanization
5. Transforming Finance
6. Regional Co-operation and Integration
7. Governance and Institutions
8. Global warming and climate change



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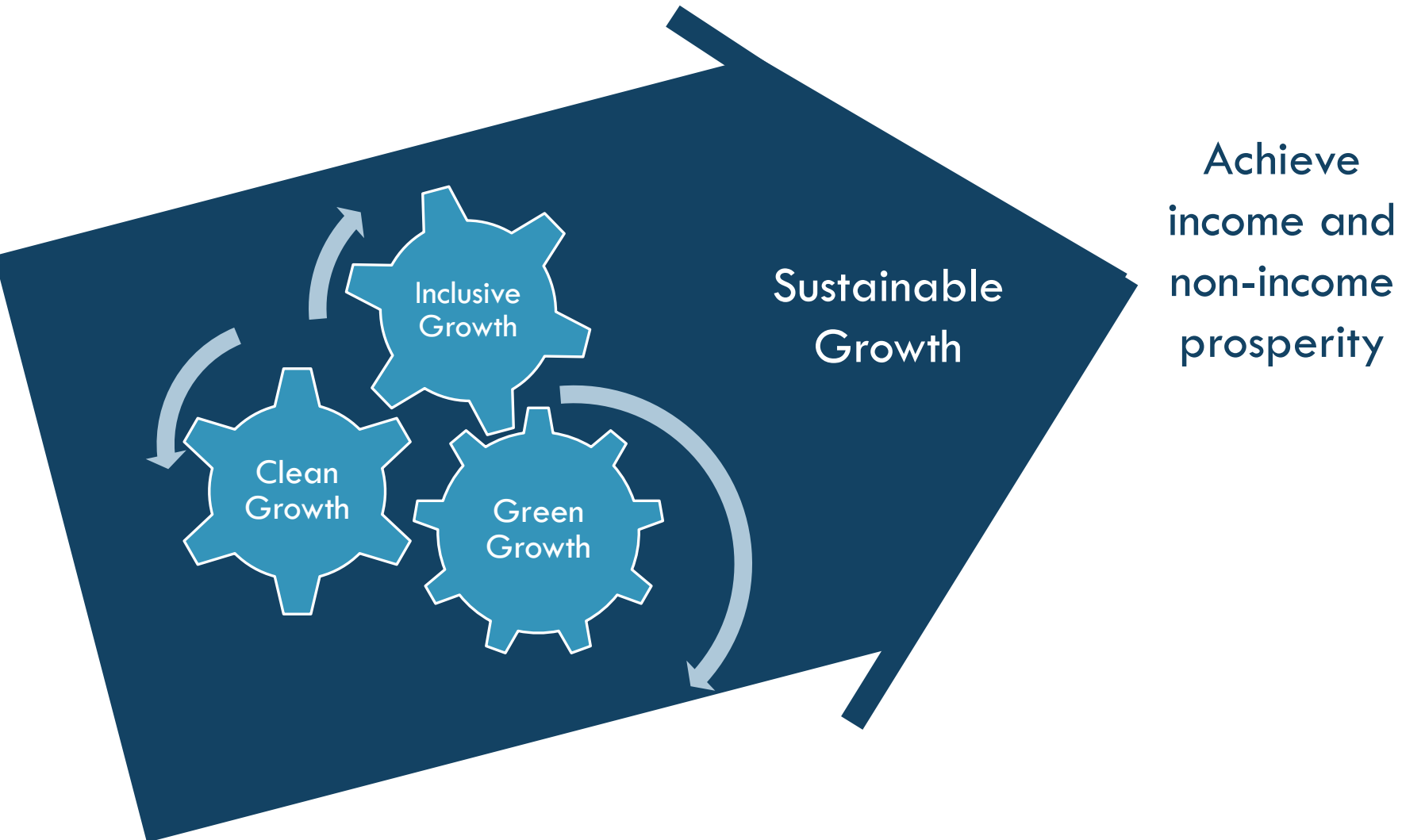
## The Middle Income Trap: Unable to compete



Source: Asia 2050, Emerging Markets Forum

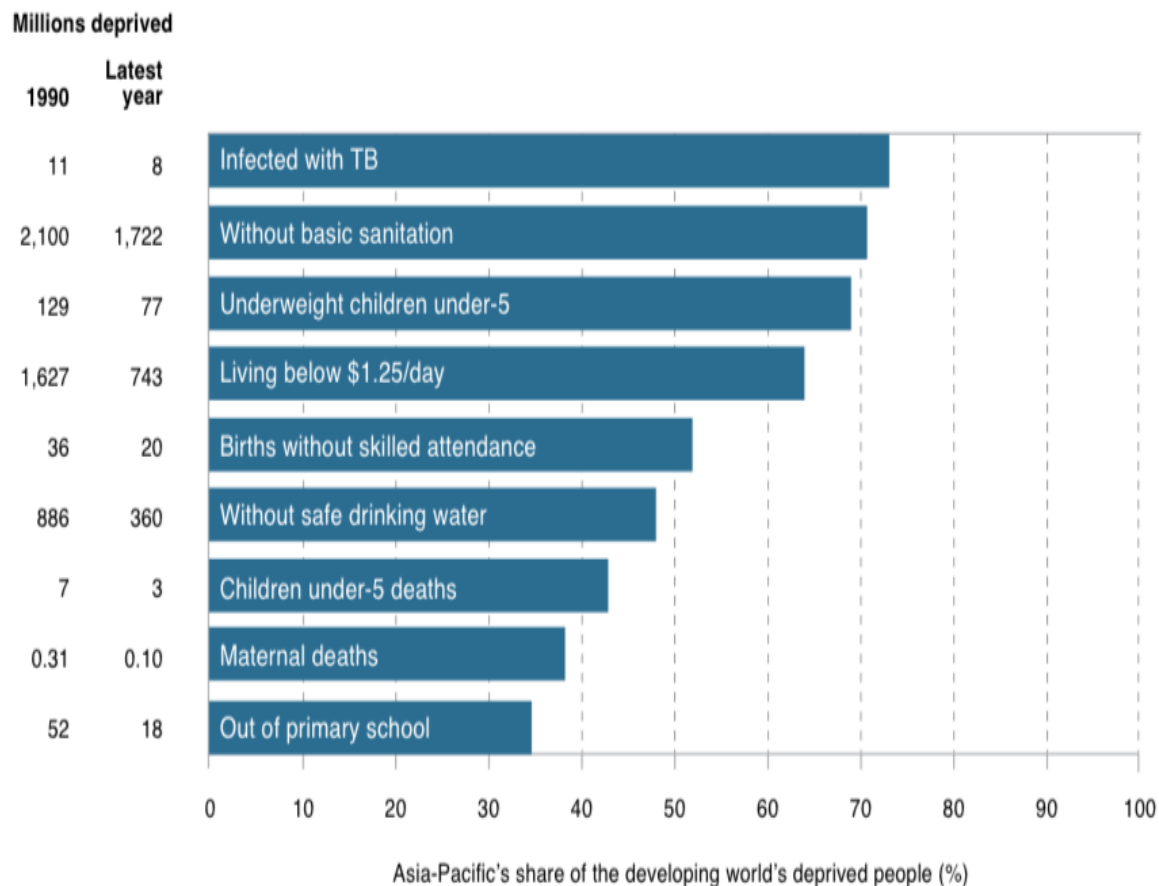


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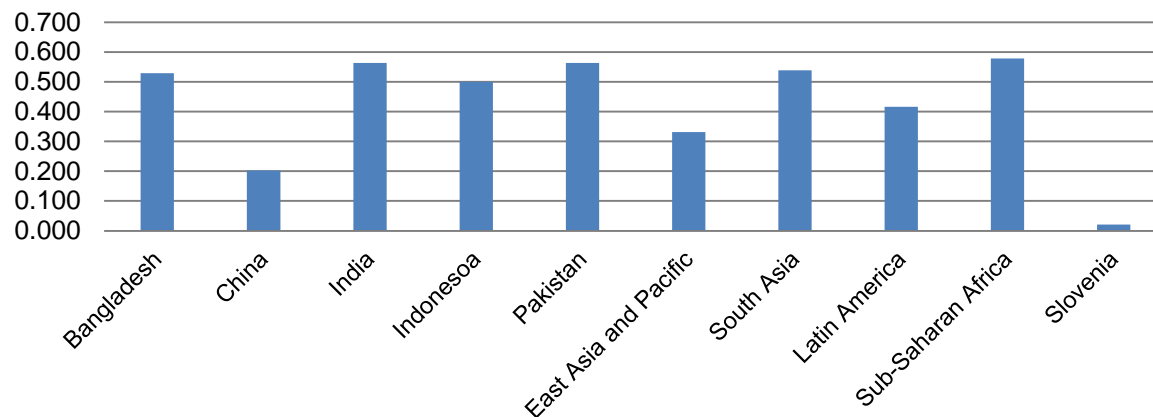
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## Asia and the Pacific share of the developing world's deprived people

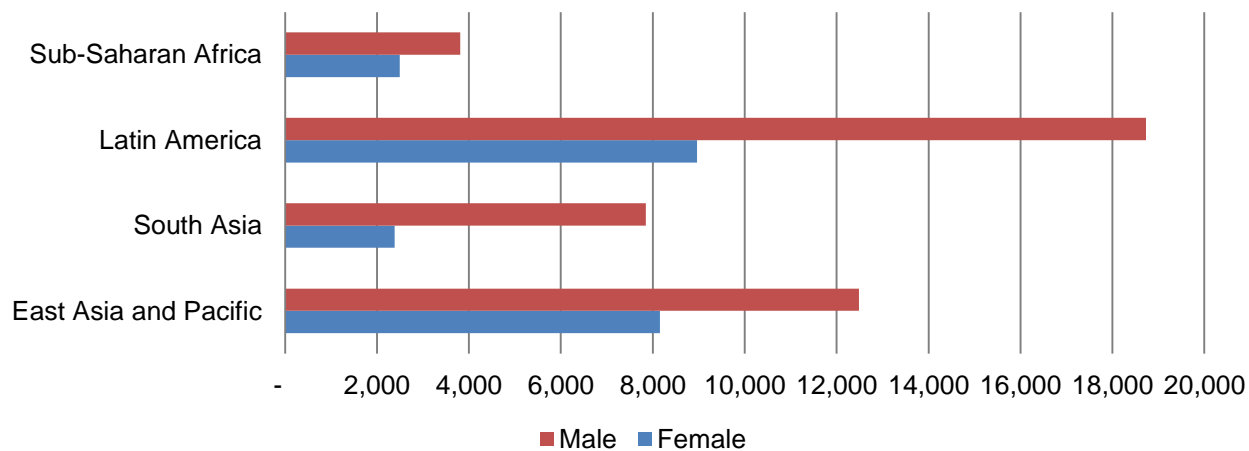


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### Gender Inequality Index (2013)



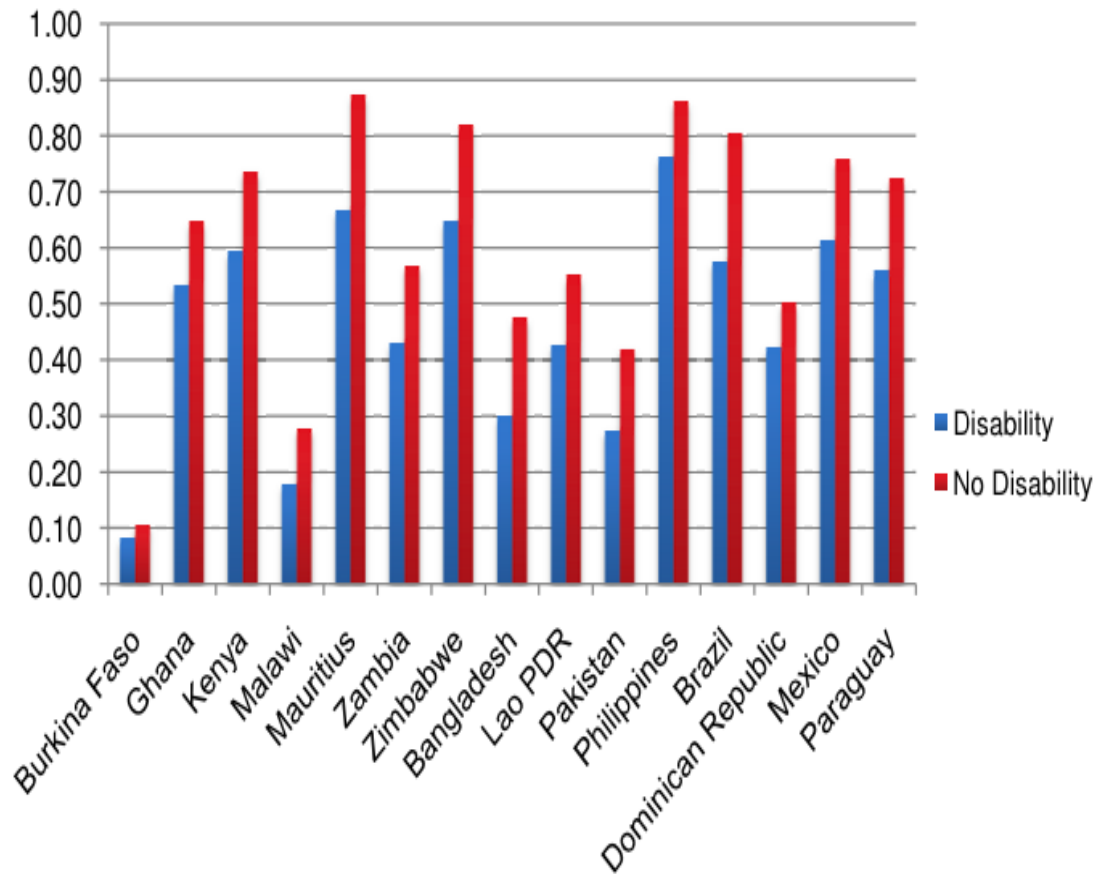
### Estimated GNI/capita in 2013 (2011 PPP \$)



Source: HDR 2014

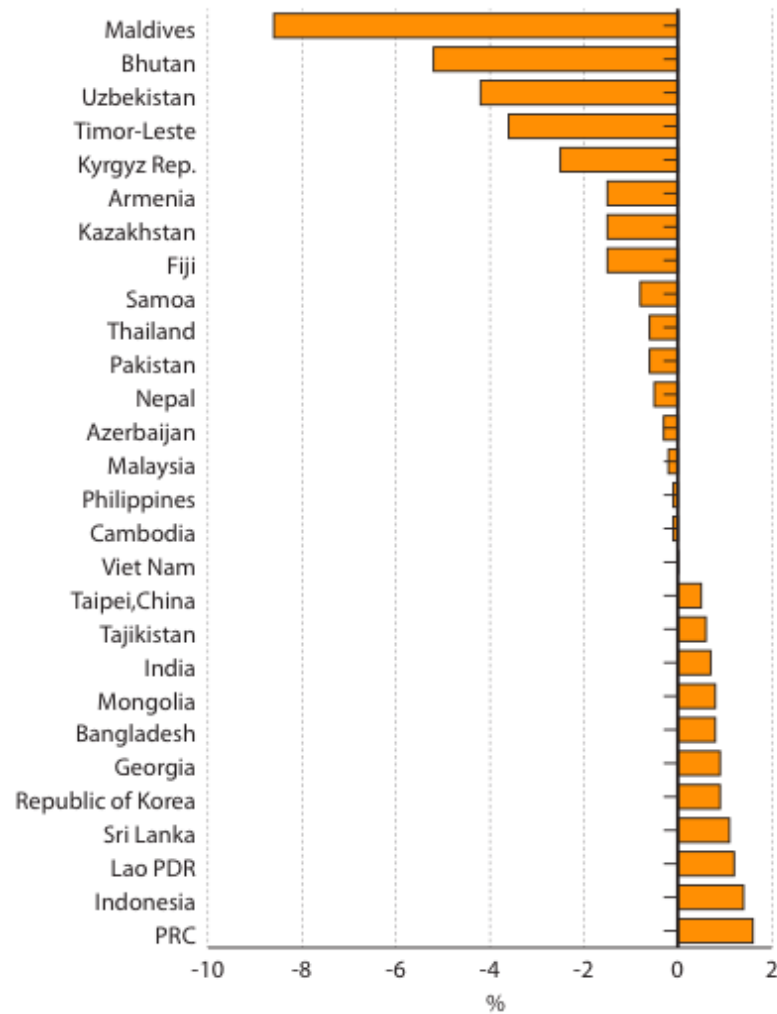
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## Primary School Completion Rates, by Disability Status



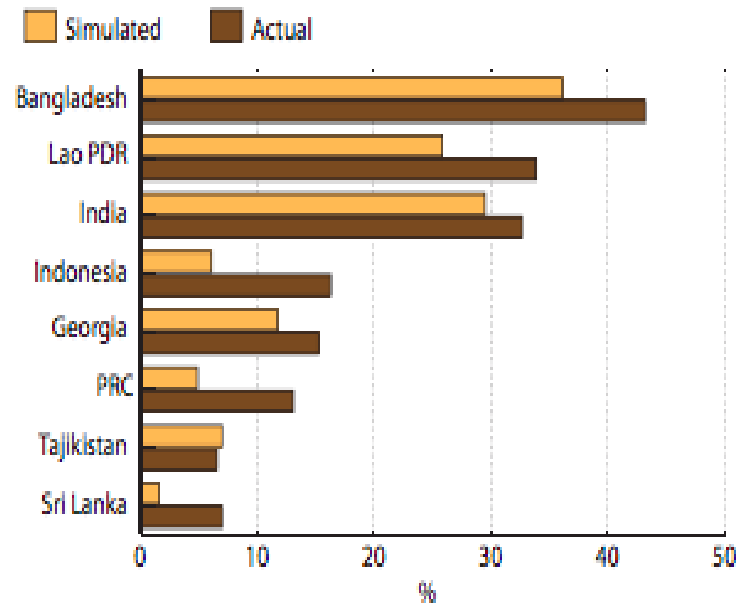
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## 2.1.2 Annualized change in inequality of expenditure or income, developing Asia, 1990s and 2000s



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## Actual and simulated poverty rates at \$1.25



Lao PDR = Lao People's Democratic Republic; PRC = People's Republic of China.

Note: Simulated poverty rate is the poverty rate that would have been observed in the final year (with the same mean per capita expenditure) had inequality remained at its level of the initial year.

Source: Simulations using PovcalNet (accessed 9 March 2012) and synthetic expenditure data derived from household surveys.

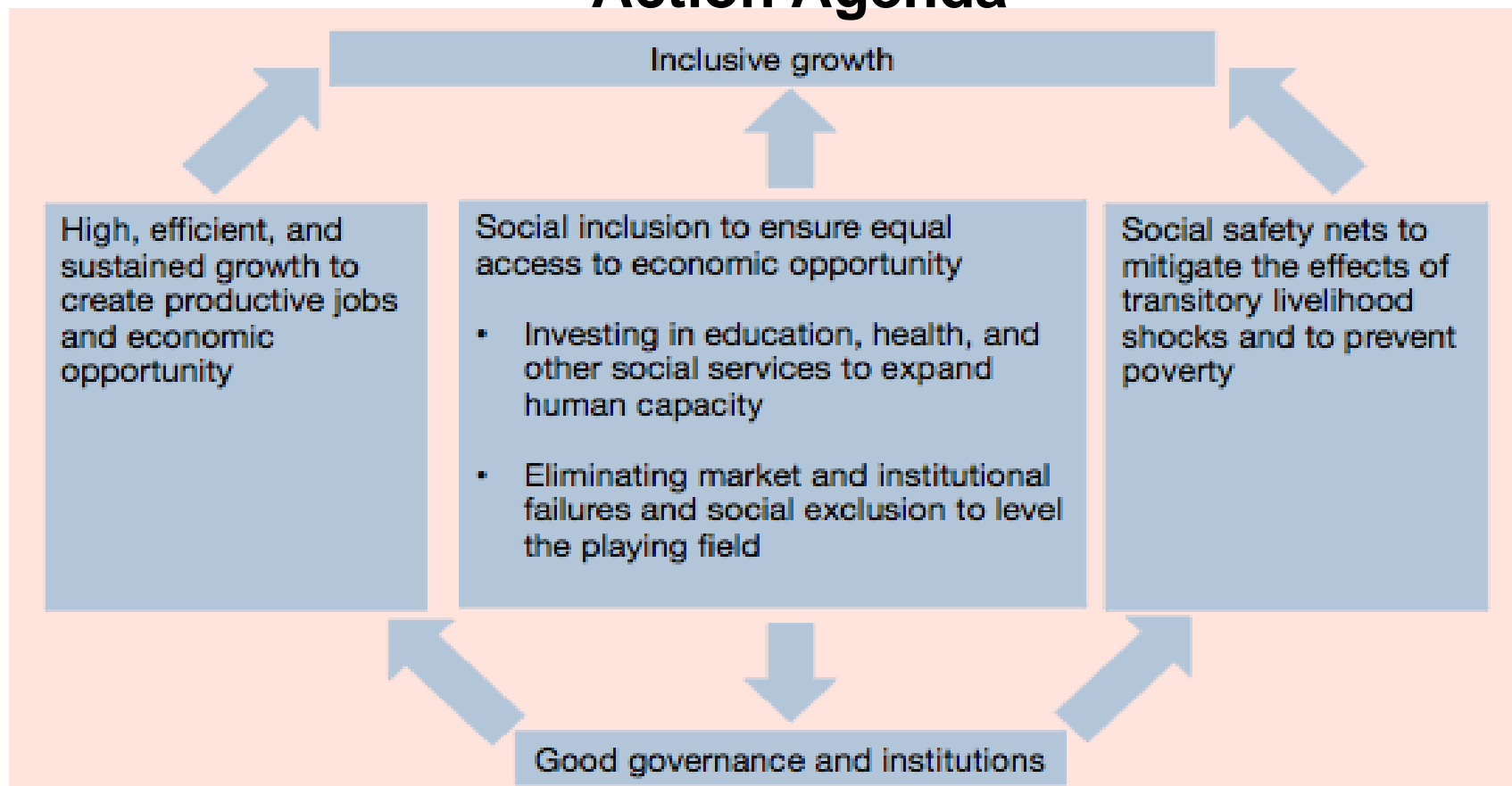
The Challenge:

To get these two faces of Asia to converge

The Need for Inclusive Growth



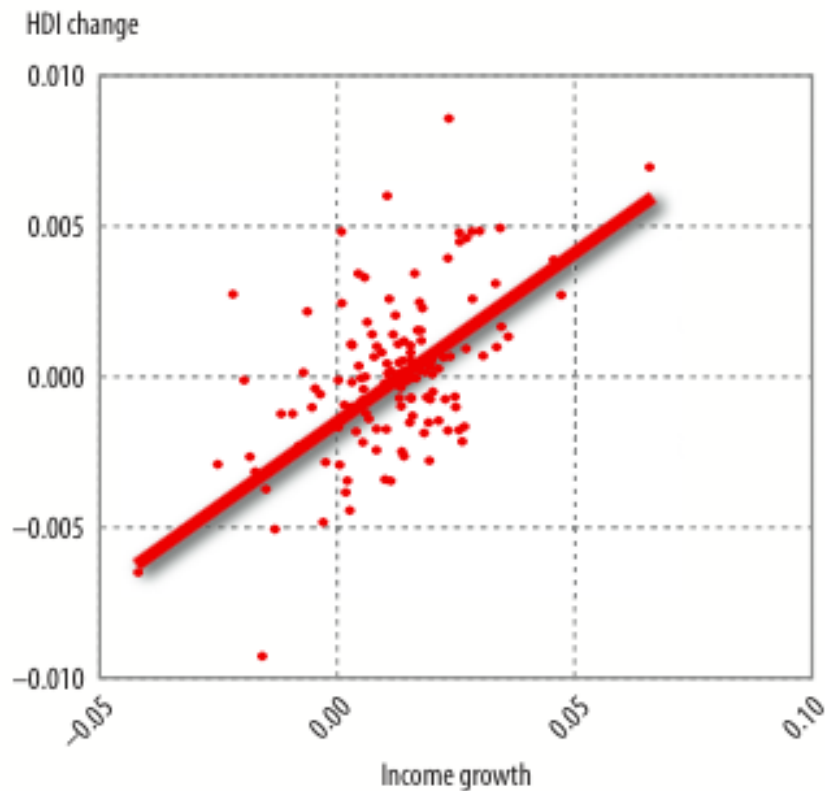
## Action Agenda



Source: Zhuang 2010

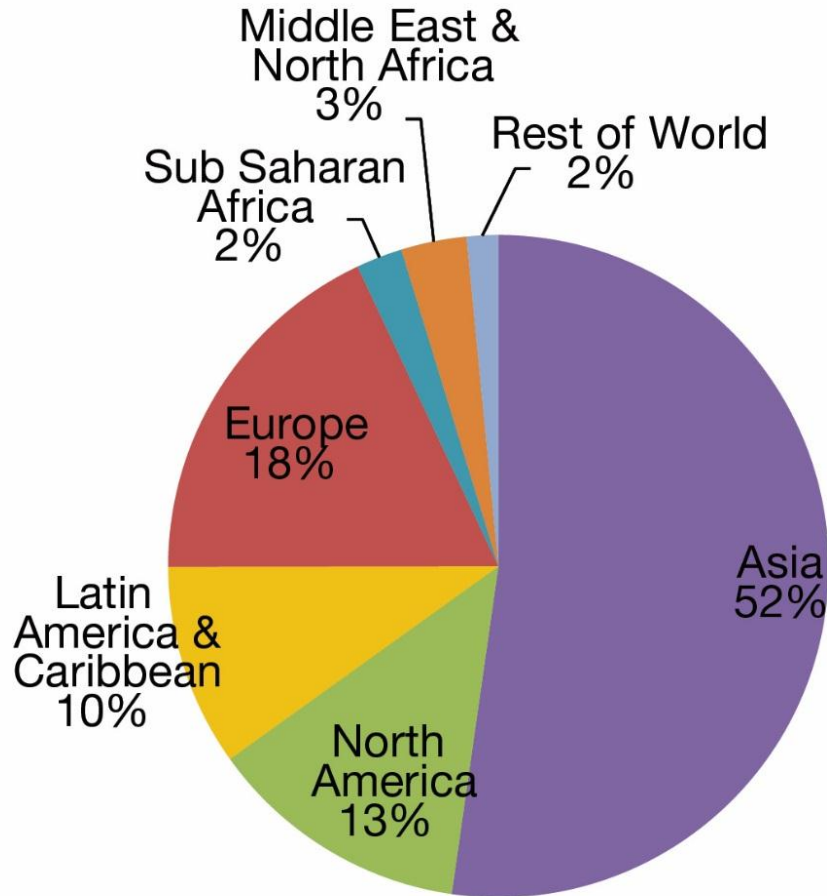
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## Relationship between economic growth and the HDI and its nonincome components, 1970-2010



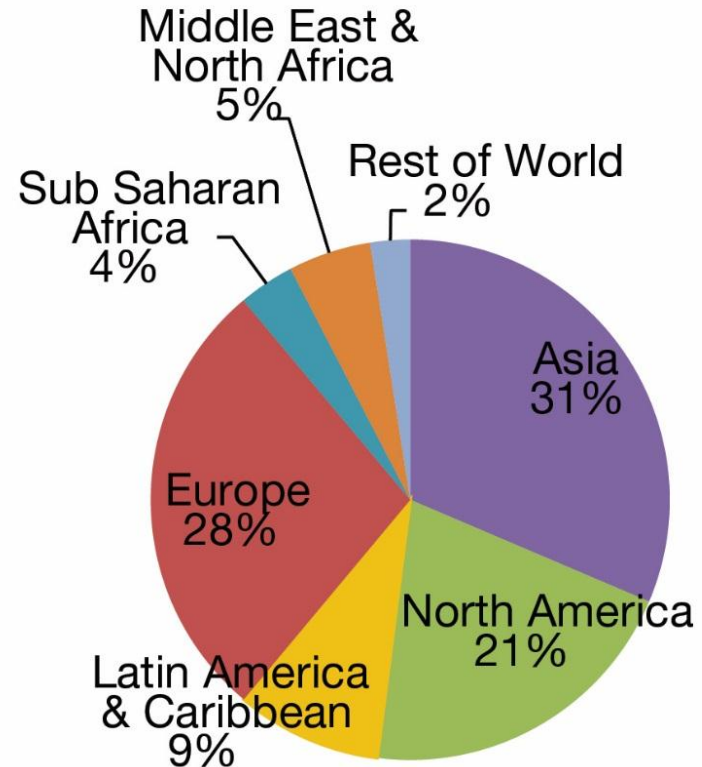
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## Asian Century Scenario



Asia GDP: \$174 trillion

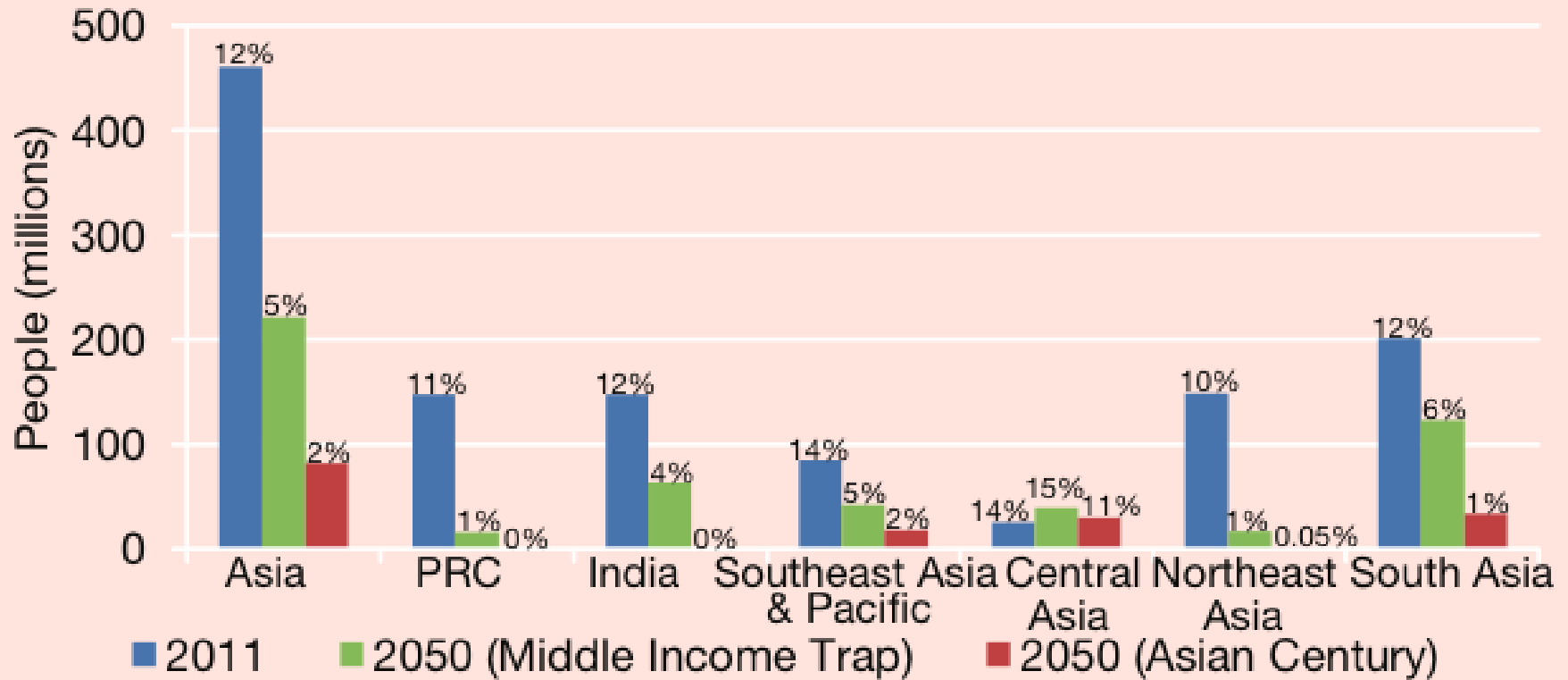
## Middle Income Trap Scenario



Asia GDP: \$65 trillion

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## Population without access to improved water supplies



Source: Kohil and Mukherjee, 2011.

**THANK YOU**



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## Next Seminars...

### Seminar 2 (Tuesday, April 28, 2015)

**Population Dynamics and Demographics  
Competition for Natural resources**

### Seminar 3 (Tuesday, May 12, 2015)

**Infrastructure Deficits  
Transforming Finance**



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## Seminar 4 ( Tuesday, May 26, 2015)

**Governance and Institutions  
Regional Cooperation and Integration**

## Seminar 5: (Tuesday, June 9, 2015)

**Global Warming and Climate Change  
Conclusion**