


Can CGE models
end poverty?

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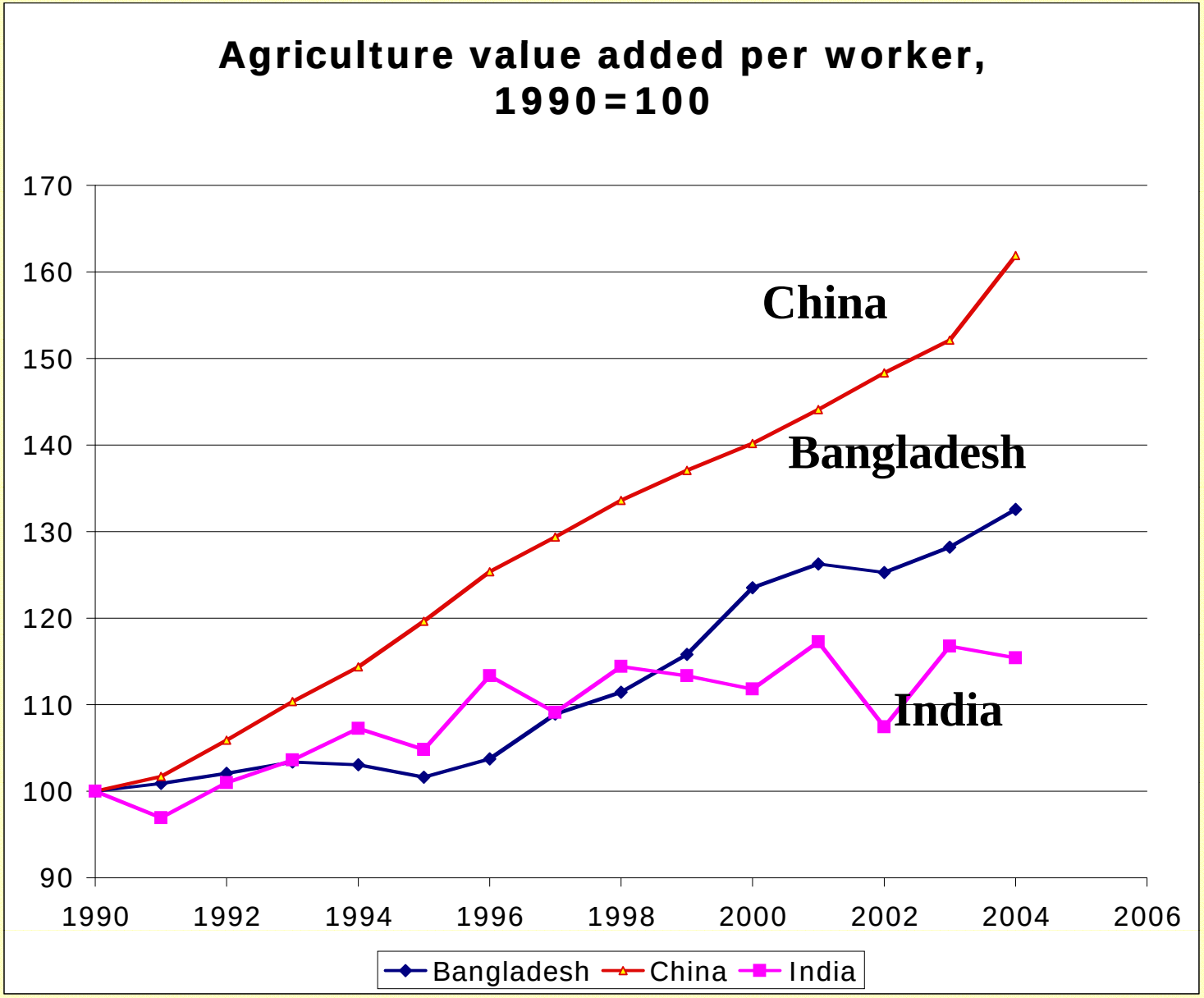
Presumptuous title
Presumptuous paper

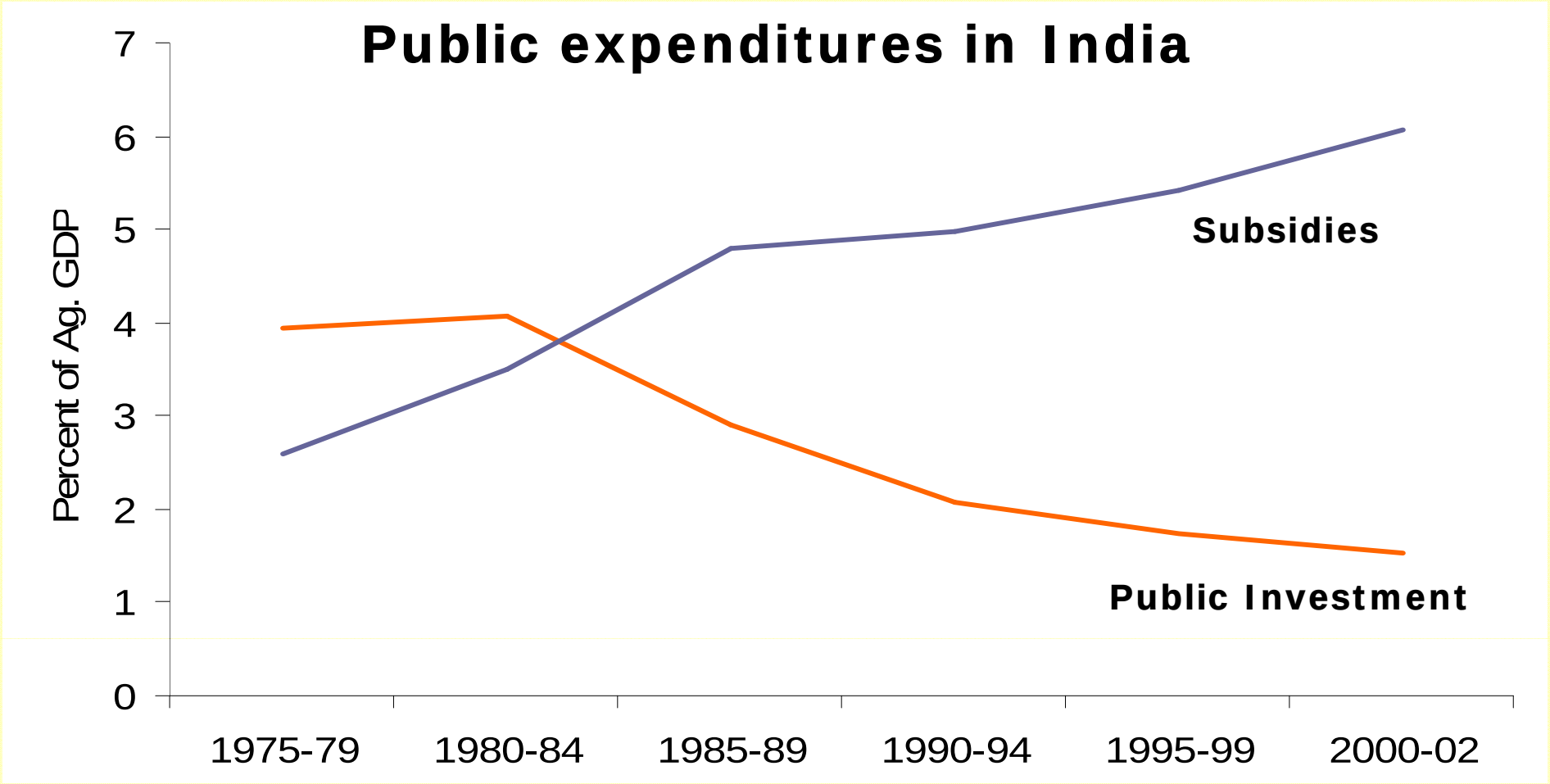
Development
> as market failure

Development
> as government failure

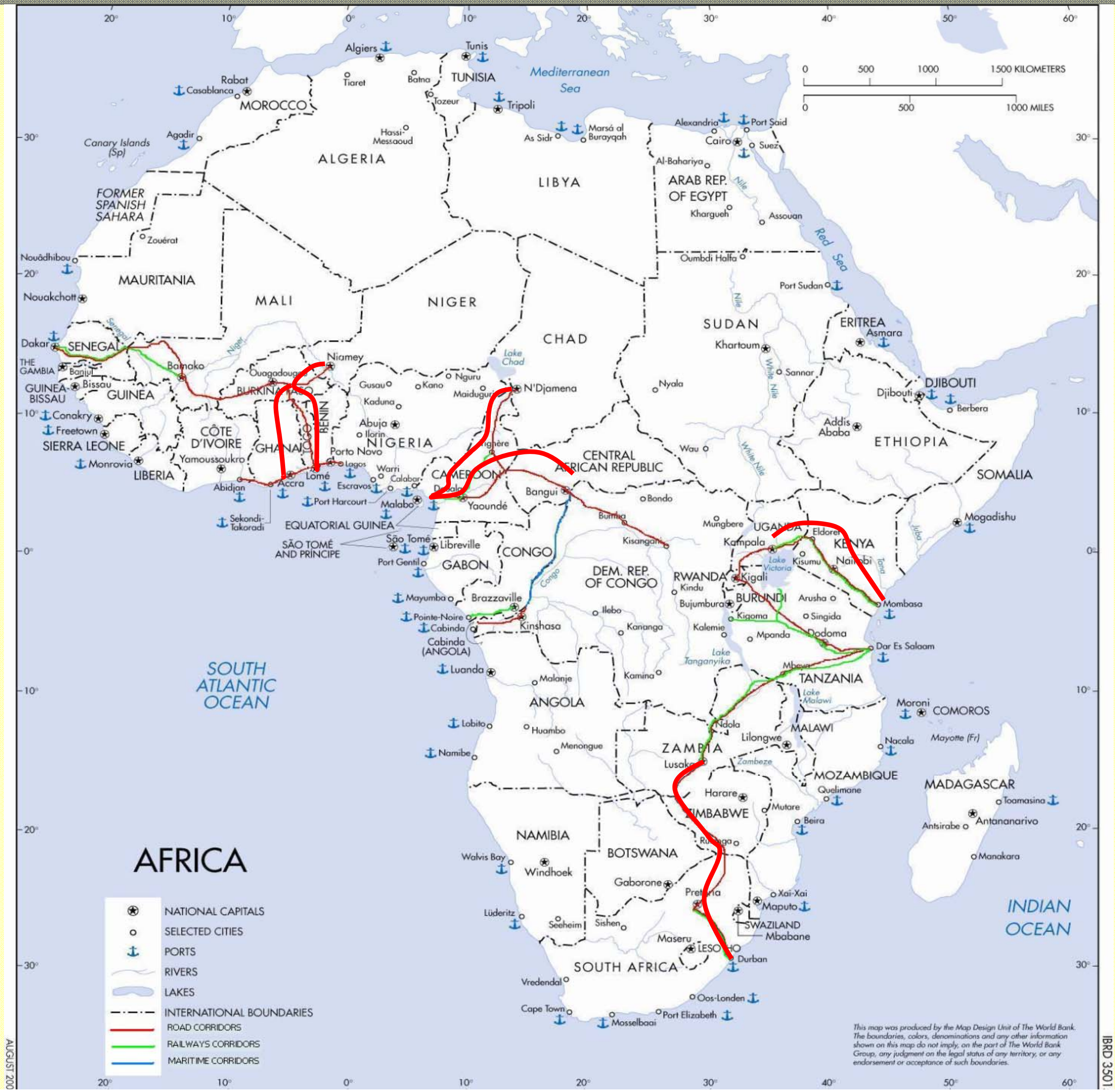
Development
> as government failure

revisited

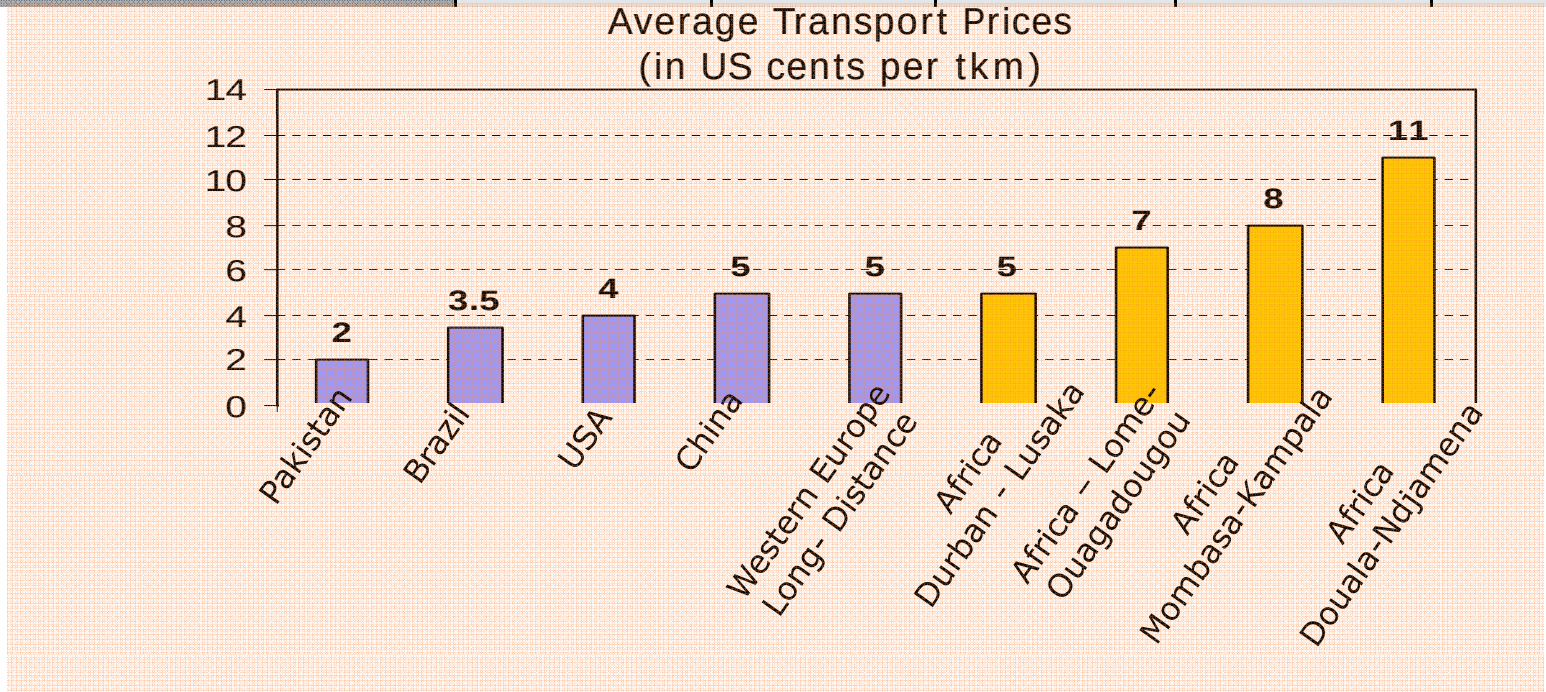

Agriculture value added per worker, 1990=100
170
160
150
140
130
120
110
100
90
1990
1992
1994
1996
1998
2000
2002
2004
2006
China
Bangladesh
India
Bangladesh
China
India


Public expenditures in India
Percent of Ag. GDP
7
6
5
4
3
2
1
0
Subsidies
Public Investment
1975-79
1980-84
1985-89
1990-94
1995-99
2000-02

Selected corridors of the study



	Central Africa	East Africa	West Africa	Southern Africa	France
Variable costs (USD per veh-km)	1.31	0.98	1.67	1.54	0.72
Fixed costs (USD per veh-km)	0.57	0.35	0.62	0.34	0.87
Total transport costs (USD per veh-km)	1.88	1.33	2.29	1.88	1.59



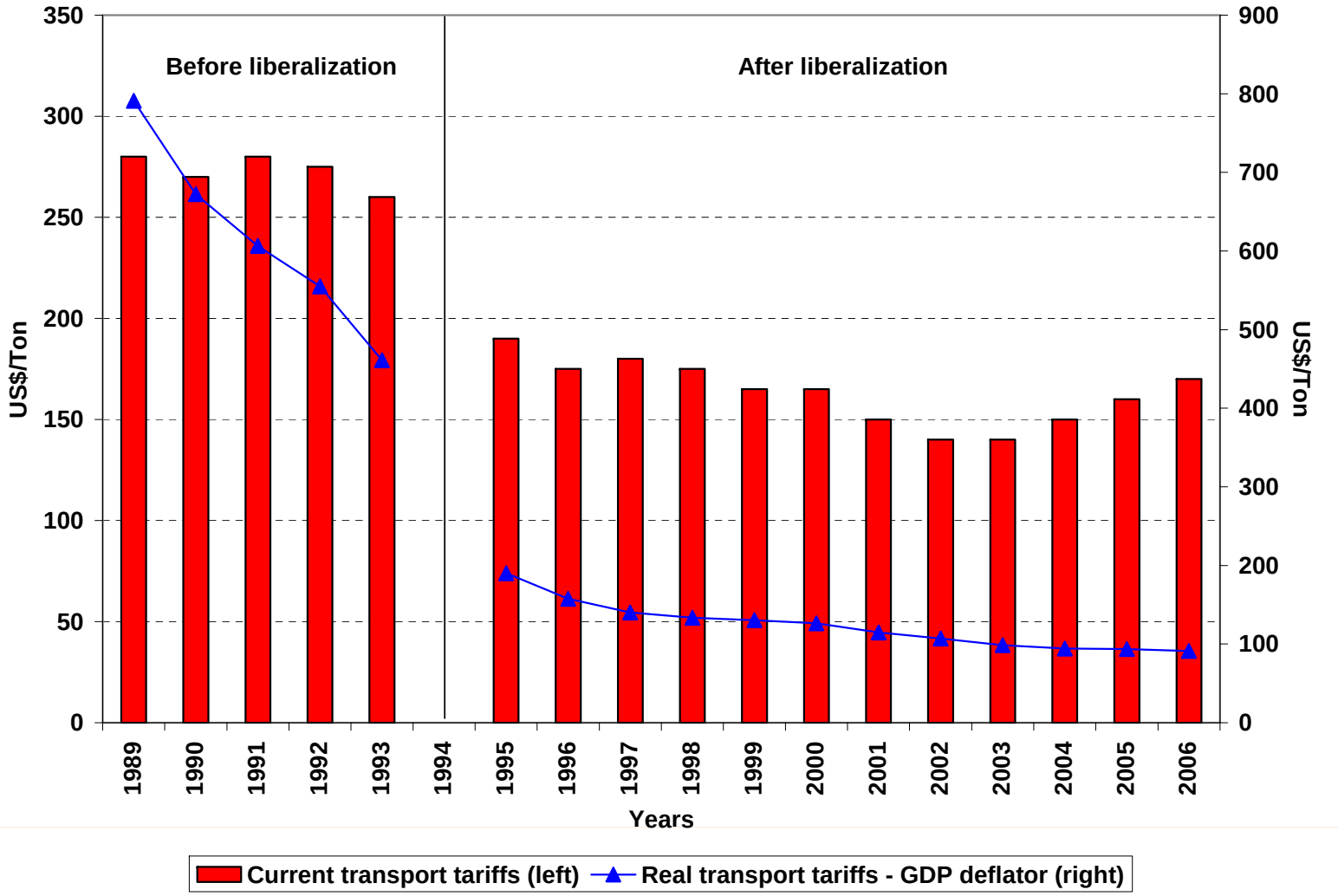
Profit margins

Corridor	Gateway - Destination	Price (USD/ veh-km)	Variable cost (USD/veh- km)	Fixed cost (USD/veh- km)	Average yearly mileage ('000)	Profit margin (%)
West Africa	Tema/Accra - Ouagadougou	3.53	1.54	0.66	30-40	**80%**
	Tema/Accra - Bamako	3.93	1.67	0.62	40-50	**80%**
Central Africa	Douala - N'Djaména	3.19	1.31	0.57	60-70	**73%**
	Douala - Bangui	3.78	1.21	1.08	50-60	**83%**
	Ngaoundéré - N'Djaména	5.37	1.83	0.73	20-30	**118%**
	Ngaoundéré - Moundou	9.71	2.49	1.55	10-20	**163%**
East Africa	Mombasa - Kampala	2.22	0.98	0.35	130-140	**86%**
	Mombasa - Nairobi	2.26	0.83	0.53	90-100	**66%**
Southern Africa	Lusaka - Johannesburg	2.32	1.54	0.34	160-170	**18%**
	Lusaka - Dar-es-Salaam	2.55	1.34	0.44	160-170	**62%**

An interesting observation:
On Central Africa corridor, trucks with lower average yearly mileage have the higher profit margins

Example of the impact of market deregulation:

The case of Rwanda

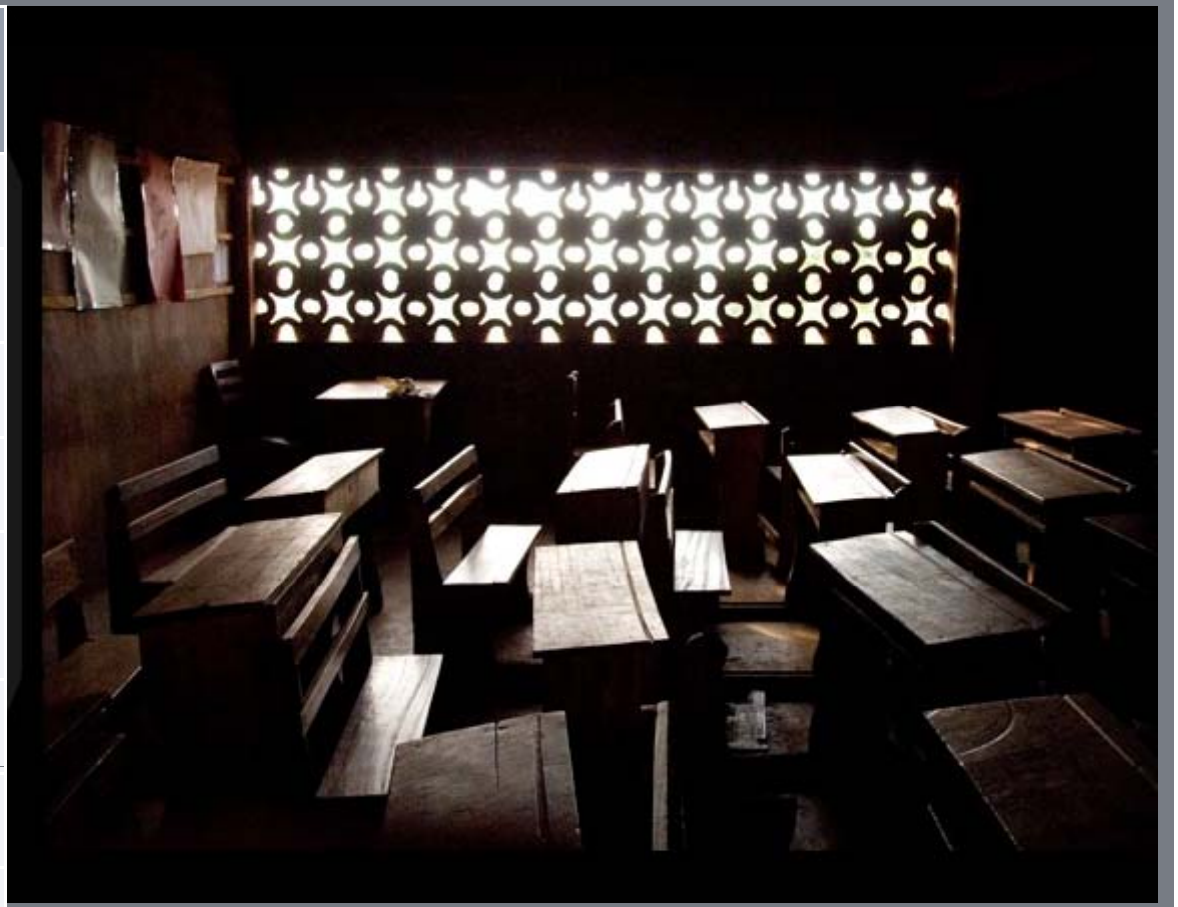


Percentage of 7th grade students in Tanzania who CANNOT

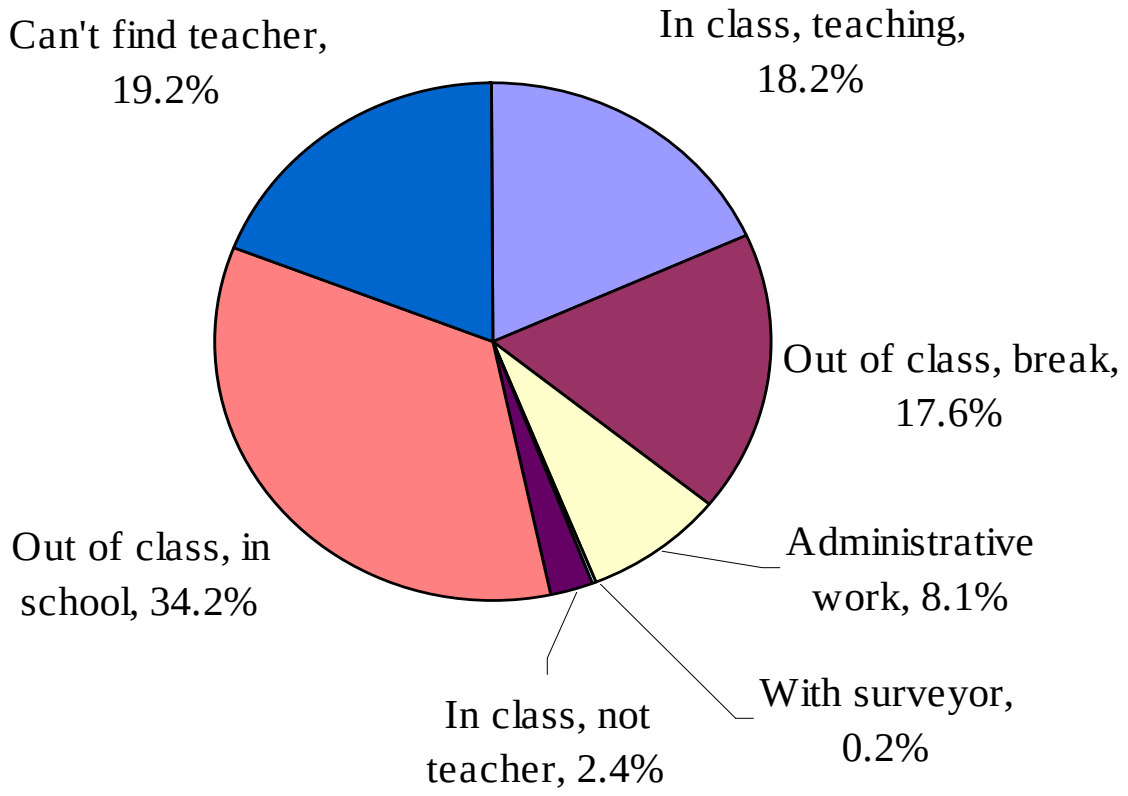
- Read in Kiswahili at 2nd grade level: 20%
- Do a 2nd grade multiplication problem: 30%
- Read English: 50%

Absence rate among teachers

Country	Rate (percent)
Bangladesh	15
Ecuador	14
India	25
Indonesia	19
Papua New Guinea	15
Peru	11
Zambia	17
Uganda	27



Uganda: What enumerators found

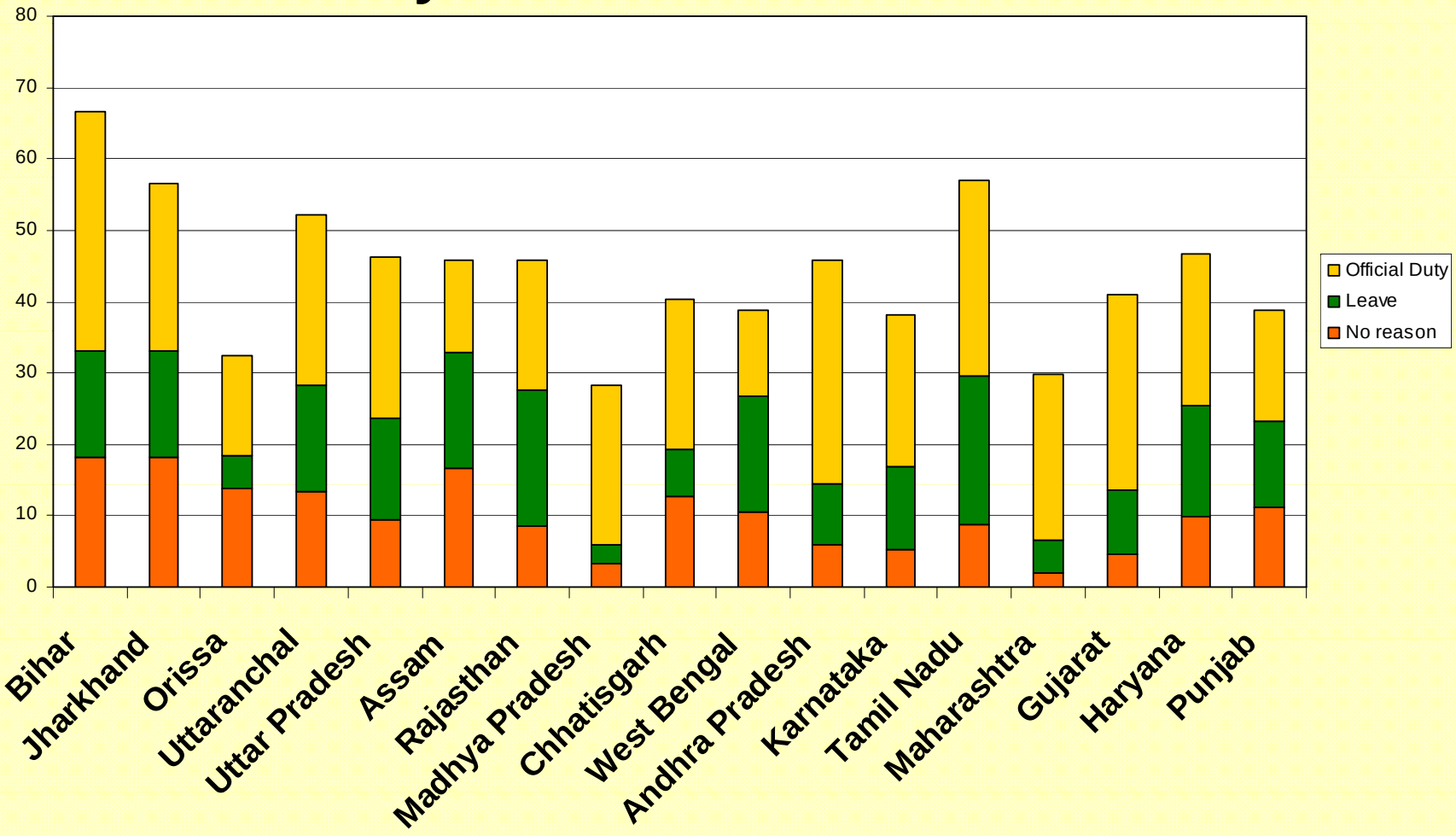


Leakage of resources in health

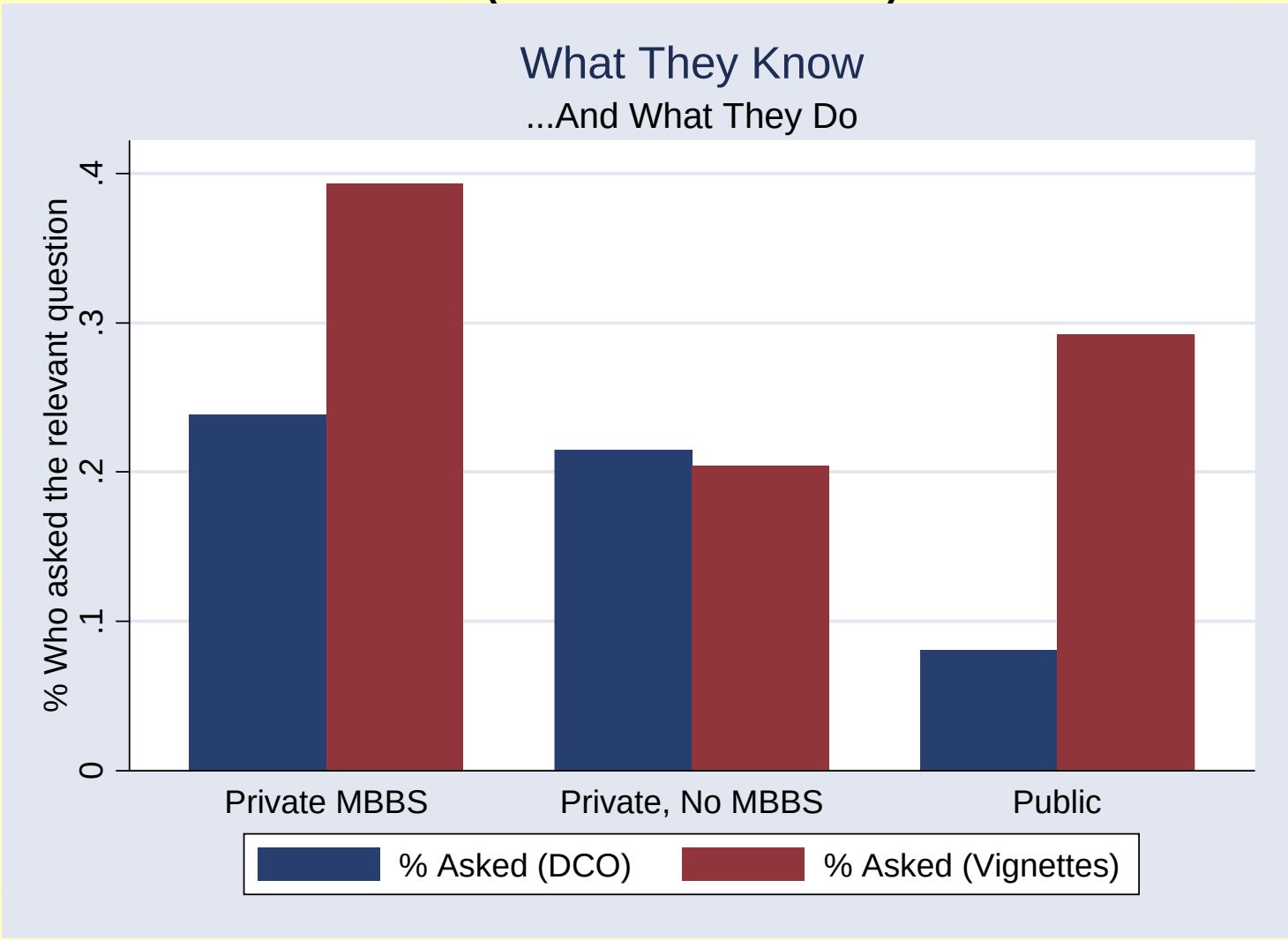
Country (year)	% of cash/in-kind resources leaked	Resource Category
Kenya (2004)	38	Non-salary budget
Tanzania (1991)	41	Non-salary budget
Uganda (2000)	70	Drugs and supplies
Ghana (2000)	80	Non-salary budget
Chad (2004)	99	Non-salary budget

Source: Gauthier (2006)

India 2003: Doctor absence from PHC's by state and reason



Quality is low, even when present (Delhi doctors)

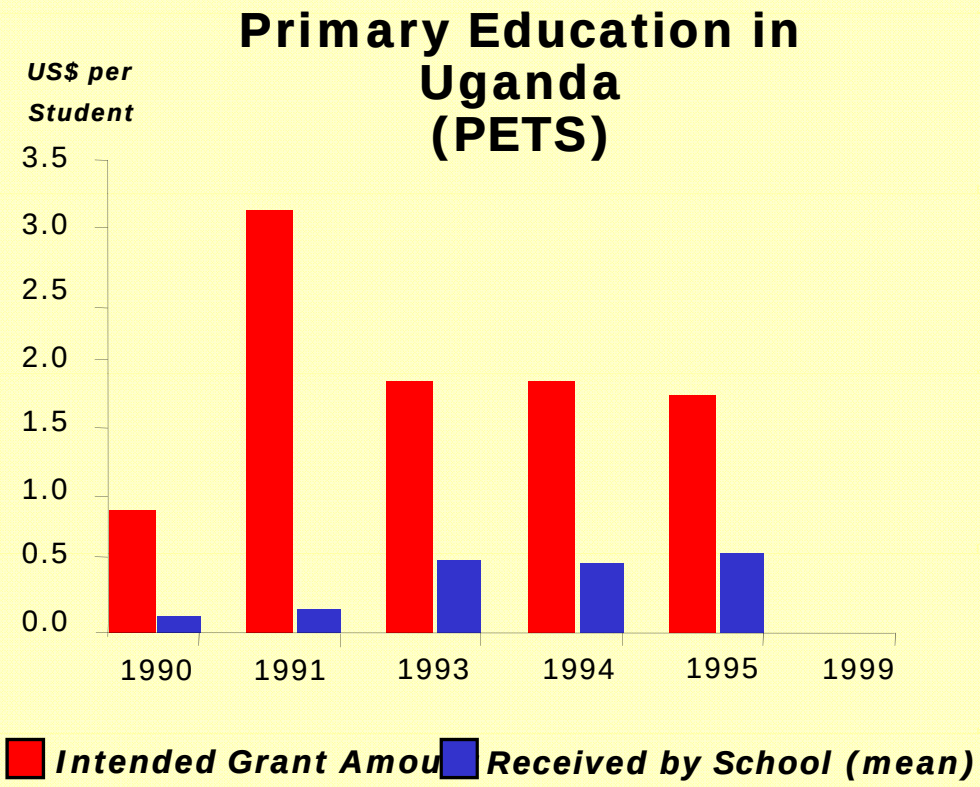


What they do is in blue, what they know is in red. MBBS doctors are (roughly) the equivalent of MDs in the US.

Das and Hammer (2005)

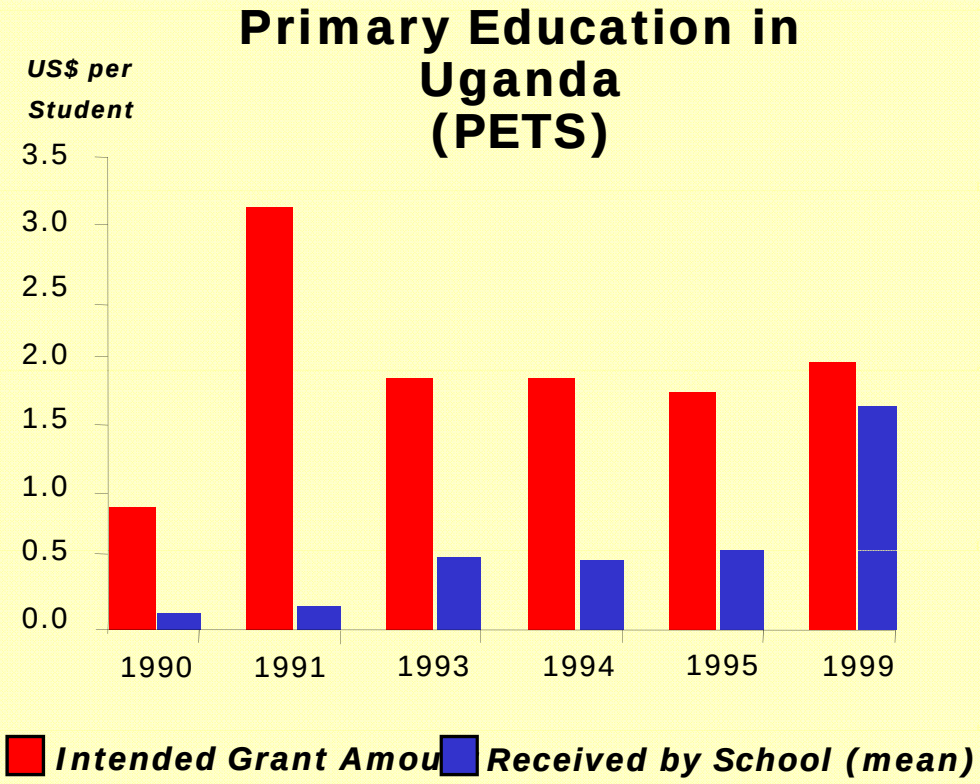
Grants for Primary Education in Uganda

- *In 1995, survey of 250 primary schools in 19 of 39 districts;*



Grants for Primary Education in Uganda

- *In 1995, survey of 250 primary schools in 19 of 39 districts;*
- *Survey repeated in 1998 and 2000*.



Conclusions

- Poverty due to market and government failures
- Market failures are (relatively) easy to fix
- Government failures are much harder
- CGE models can help solve *political market failures*