

# HOW HAVE 'DEVELOPING' COUNTRIES ACTUALLY DEVELOPED?

## ALTERNATIVES TO NEO-LIBERALISM

Mark Curtis

June 2018



Email: [mark@markcurtis.info](mailto:mark@markcurtis.info)

Website: [www.curtisresearch.org](http://www.curtisresearch.org) UK registered company: 08013477

## **CONTENTS**

**INTRODUCTION**

**MAURITIUS**

**SOUTH KOREA**

**ECUADOR**

**CUBA**

**THE NORDIC MODEL AND NORWAY**

**DOES NEOLIBERALISM EXPLAIN OTHER COUNTRY  
SUCSESSES?**

**Chile**

**Botswana**

**BIBILIIOGRAPHY**

# INTRODUCTION

In recent decades, the British and US governments, in particular, have largely promoted neoliberalism in developing countries as a supposed strategy to reduce poverty and promote economic development. Perhaps better described as 'market fundamentalism', neoliberalism has tended to involve: privatising key areas of the economy; reductions in state spending and the general role of the state; deregulation of the financial sector and of corporate activities (relying on voluntary 'corporate social responsibility'); strong promotion of foreign investment with few barriers, often accompanied by cutting taxes, promoting tax incentives for foreign investors; and failing to address rising inequality. Some of these policies are beginning to change, given the obvious failures of this model, but its general thrust is often still in evidence in the economic policies and aid strategies (not to mention domestic policies) of Western states such as the UK and the US.

Countries which have successfully developed in the postwar world do not owe their progress to neoliberalism. It is more accurate to say that the kinds of policies promoted by relatively successful states have generally tended to involve the opposite: a strong, interventionist role for the state; privileging domestic over foreign investors; liberalising only once the domestic economy and local firms can compete in world markets; periods of trade protection; and explicitly pro-poor state spending.

This paper reviews how several developing countries which can be considered successes (with qualifications) have progressed economically, briefly capturing what policies and institutions might explain their performance. The analysis considers Mauritius, South Korea, Ecuador, Cuba, and the Nordic model/Norway. It also briefly considers Chile – a country whose 'success' is sometimes explained by neoliberal policies – and Botswana – often held up as Africa's most successful developer.

# MAURITIUS

## Improvements in well-being

Mauritius is often regarded as one of Africa's two (with Botswana) main development success stories. The average Mauritian saw her income grow 3.5 times from the early 1970s to the late 1990s, compared to a rise of just 32% for the average African.<sup>1</sup> Per capita GDP increased sevenfold between 1976 and 2008, from less than \$1,000 to roughly \$7,000.<sup>2</sup> Mauritius is the only country in Sub Saharan Africa where average household expenditures increased significantly between 1990 and 2008.<sup>3</sup> Mauritius achieved economic growth of over 5% for 30 years, with falls in income inequality and major gains in life expectancy – which increased from 61 years in 1965 to 71 in 1996 to 75 today.<sup>4</sup>

Poverty levels in Mauritius have also fallen significantly. In 1975, 40% of households were living below the Mauritian poverty line. By 1991/92 the proportion had fallen to 11%, and by 2010 absolute poverty was less than 2%. Today, less than 1% of the population is estimated as living on less than \$1 a day.<sup>5</sup>

Mauritius has achieved major health gains. Malaria has been eradicated from the island, and, along with the Seychelles, it has the lowest under-five child mortality rate on the sub-continent (17 deaths out of 1,000 live births) and the highest rate of children immunised against measles (98% in 2008).<sup>6</sup>

## How has Mauritius achieved success?

Mauritius is not rich in diamonds, oil, or some other valuable commodity, and has no exploitable natural resources.<sup>7</sup> The literature suggests that five main factors

---

<sup>1</sup> Arvind Subramanian & Devesh Roy, 'Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?', *IMF Working Paper*, 2011, p.6, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>

<sup>2</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.91, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>. Between 1970 and 2010, the GDP grew at an average annual rate of 5.4 percent, compared with the African average of about 1 percent. Jeffrey Frankel, 'The Little Economy That Could', 2 February 2012, <http://foreignpolicy.com/2012/02/02/the-little-economy-that-could/>

<sup>3</sup> ODI, *Progress in economic conditions in Mauritius: Success against the odds*, undated, [https://www.files.ethz.ch/isn/124911/2010-12\\_mauritius\\_economic\\_conditions.pdf](https://www.files.ethz.ch/isn/124911/2010-12_mauritius_economic_conditions.pdf)

<sup>4</sup> Arvind Subramanian & Devesh Roy, 'Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?', *IMF Working Paper*, 2011, p.7, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>; UNDP, *Human Development Report 2016*, p.199, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>5</sup> ODI, *Progress in economic conditions in Mauritius: Success against the odds*, undated, [https://www.files.ethz.ch/isn/124911/2010-12\\_mauritius\\_economic\\_conditions.pdf](https://www.files.ethz.ch/isn/124911/2010-12_mauritius_economic_conditions.pdf)

<sup>6</sup> ODI, *Progress in economic conditions in Mauritius: Success against the odds*, undated, [https://www.files.ethz.ch/isn/124911/2010-12\\_mauritius\\_economic\\_conditions.pdf](https://www.files.ethz.ch/isn/124911/2010-12_mauritius_economic_conditions.pdf)

<sup>7</sup> Joseph Stiglitz, 'The Mauritius miracle, or how to make a big success of a small economy', 7 March 2011, <https://www.theguardian.com/commentisfree/2011/mar/07/mauritius-healthcare-education>; Sanjeev

explain Mauritius' success, outlined below. Overall, its success is not explained by following neoliberal policies but mainly by strong government intervention in the economy, including high levels of trade protection and promotion of domestic business, combined with business-friendly policies and sequenced, gradual liberalisation.

### **Business-friendly policies with strong government intervention**

While Mauritius has promoted business-friendly policies to stimulate private sector activity, it has not pursued a neoliberal economic strategy. A recent report for the ODI notes that the Mauritian government has played a strong and interventionist role: it has, for example, acted as facilitator of an enabling environment for the private sector and as a regulator to protect the economy as well as vulnerable groups and sectors from shocks.<sup>8</sup> Economic progress was driven largely by a focus on exports, and strong trade protection (see next section) with liberalisation occurring in phases, adapted to the country's evolving advantages on the international market.

Many analysts see Mauritius's export-driven growth as having been achieved not through orthodox free-market, open economy policies, but through a combination of heterodox industrial policies (protection and export subsidies through Export Processing Zones) and international trade preferences (such as the EU sugar quota).<sup>9</sup>

### **Focus on trade and trade protection**

Although a variety of explanations have been advanced to explain Mauritius's growth, the country's focus on international trade has undoubtedly been a critical element of that performance. A recent report for the UN notes that, over the years Mauritius has used trade policy as a means both to protect domestic industry and to launch export growth, and has been based on a managed embrace of globalisation and cultivation of market access.<sup>10</sup>

Mauritius benefitted enormously from the policies of its trading partners, especially the EU and US, which granted preferential access to Mauritius in particular for its three star exports: sugar, tuna and textile products. For a long time, the income from these preferences allowed Mauritian exporters to have an edge over other potential competitors and accounted for strong growth in exports between the 1970s and the

---

K. Sobhee, 'The economic success of Mauritius: lessons and policy options for Africa', March 2009, <http://www.tandfonline.com/doi/full/10.1080/17487870902739186>

<sup>8</sup> ODI, *Progress in economic conditions in Mauritius: Success against the odds*, undated, [https://www.files.ethz.ch/isn/124911/2010-12\\_mauritius\\_economic\\_conditions.pdf](https://www.files.ethz.ch/isn/124911/2010-12_mauritius_economic_conditions.pdf)

<sup>9</sup> Wim Naude, 'Economic Development in Sub-Saharan Africa: The Case of the Big Four', *Working Paper*, Maastricht School of Management, 2011, p.33, <https://www.msm.nl/resources/uploads/2014/02/MSM-WP2011-34.pdf>

<sup>10</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, pp.92, 99 <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

1990s.<sup>11</sup>In a paper for the IMF, Subramanian and Roy note that an alternative way of stating this is that:

‘Mauritius benefitted from the protectionist policies of the United States and EU in the sugar and textile and clothing sectors. Had these industrial countries liberalised their markets, it is quite likely that the Mauritian trade performance would have been quite different’.<sup>12</sup>

Mauritius established Export Processing Zones whose offering of tax incentives and cheap labour are often associated with neoliberalism. However, unlike many other African countries, Mauritius promoted EPZs strategically, using a mix of tax incentives and government intervention to promote exports and domestic business. The 1970 Export Processing Zone Act provided powerful incentives to manufacturers that catered to foreign markets. Key components of the new legislation included protective import duties and quotas to help develop local infant industries. Companies received incentives such as suspension of import duties on materials and equipment for industrial use that were not locally available, and favourable long-term loans. The granting of duty-free inputs for manufactured exports was key in expanding Mauritius’s export competitiveness on world markets. The government also invested heavily in the infrastructure needed to set up EPZs and provided strong institutional support for marketing EPZ products.<sup>13</sup>

The Mauritian EPZs cultivated the growth of domestic business and did not simply open up the country to foreign investors as is common in traditional approaches to EPZs. Subramanian and Roy note that:

‘While it may have been true that the initial wave of investments that triggered the growth in EPZ output was largely foreign, the Mauritian EPZ sector, unlike that in many countries had a substantial local presence. For example, in 1984, only 12% of the total employment in the EPZ was accounted for by wholly foreign-owned operations compared with 72, 42, and 64%, respectively, in Korea, the Philippines and Malaysia. It is estimated that about 50% of the total equity of firms in the EPZ was owned by Mauritian nationals.’<sup>14</sup>

Most analysts note that the EPZ experiment in Mauritius has been a resounding success that has helped transform the economy. Indeed, by the 1980s EPZs had exceeded the expectations of even visionary policy makers in Mauritius, accounting

---

<sup>11</sup> I.Ramdoe, ‘Economic transformation in Mauritius’, *GREAT Insights*, May 2014, <http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>; Ali Zafar, ‘Mauritius: An Economic Success Story’, undated, p.92, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>12</sup> Arvind Subramanian & Devesh Roy, ‘Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?’, *IMF Working Paper*, 2011, p.23, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>

<sup>13</sup> Ali Zafar, ‘Mauritius: An Economic Success Story’, undated, p.99, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>14</sup> Arvind Subramanian, ‘The Mauritian Success Story and its Lessons’, *UNU-WIDER Research Paper*, 2009, p.14, <https://www.wider.unu.edu/publication/mauritian-success-story-and-its-lessons-0>

for more than 60% of Mauritius's export earnings and employing one-third of the labour force.<sup>15</sup>

### **Trade protection in Mauritius**

There is some debate in the literature as to whether Mauritius's successful export growth has been more the result of open or restrictive trade policies. The weight of evidence suggests the latter.

Mauritius conducted a dual trade policy: it was open for exports and protective for import competing sectors. The export sector was a major driver of the economy and a key source of foreign exchange. The government therefore provided duty-free inputs and substantial tax incentives to encourage exports. But to insulate local producers, import tariffs were high and there was an extensive use of quantitative restrictions and import licensing.<sup>16</sup>

In their IMF Working Paper, Subramanian and Roy note that Mauritius 'has not had an open trade regime in any conventional sense; on the contrary its import regime for much of the 1970s, 1980s and 1990s has been highly restrictive'.<sup>17</sup> In 1980, the average effective protection on imports was around 125%, and although this diminished it was still 65% at the end of the 1980s and 30% in 1994. Moreover, until the 1980s, there were also extensive quantitative restrictions in the form of import licensing, covering nearly 60% of imports.<sup>18</sup>

The IMF ranked Mauritius as one of the most protected economies in the world in the early 1990s. The country elicited a rating of ten, the highest possible category of policy restrictiveness. It was only in the late 1990s that conventional measures of trade protection began to significantly decline, partly after Mauritius joined the World Trade Organization in 1995. But by 1998, Mauritius still obtained a rating of seven on the IMF's index, amongst the highest in the world and in Africa.<sup>19</sup>

In terms of the sectoral focus, trade protection was especially high on imports in the clothing, footwear, furniture, and rubber sectors, all of which had tariffs above 50% in the 1980s, while tariffs for electronics and plastics averaged more than 40%. Corporate taxes were also very high. Protectionism was reduced during the 1980s, and by the early 1990s import licensing was eliminated on all but a limited

---

<sup>15</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.99,

<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>16</sup> I.Ramdoe, 'Economic transformation in Mauritius', *GREAT Insights*, May 2014,

<http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>

<sup>17</sup> Arvind Subramanian & Devesh Roy, 'Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?', *IMF Working Paper*, 2011, p.35, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>

<sup>18</sup> Arvind Subramanian, 'The Mauritian Success Story and its Lessons', *UNU-WIDER Research Paper*, 2009, p.9, <https://www.wider.unu.edu/publication/mauritian-success-story-and-its-lessons-0>; Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.92,

<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>19</sup> Arvind Subramanian, 'The Mauritian Success Story and its Lessons', *UNU-WIDER Research Paper*, 2009, p.9, <https://www.wider.unu.edu/publication/mauritian-success-story-and-its-lessons-0>

list of items subject to health, sanitary, or strategic controls, while export licensing was abolished for most products.<sup>20</sup>

## Good institutions and an inclusive political system

It is not only economic policies that explain Mauritian success, however. Indeed, many studies highlight Mauritius' 'sound institutions' as a major, or *the*, key explanation.<sup>21</sup> The country has enjoyed a vibrant democracy with competing parties, an inclusive electoral system and an open media.<sup>22</sup> Mauritius has also foresworn having a standing army. Subramanian notes that it is no coincidence that the only two African countries that have posted consistently high rates of economic growth are Botswana and Mauritius, which are also the only two uninterrupted democracies since independence.<sup>23</sup>

No single elite group in Mauritius has been in a position to dominate the others.<sup>24</sup> A focus on searching for consensus has been a feature of Mauritian politics and economy. The analysis for the UN notes:

‘The search for consensus is one of the remarkable features of the Mauritian political economy since no single political party has ever secured a majority in the assembly, which would allow it to form a government on its own, there has always been a need to work together across party lines, putting a distinctive stamp on economic policy process’.<sup>25</sup>

The search for consensus has also contributed to the public and private sectors maintaining a vibrant partnership that manifests itself in a range of areas. It may also have contributed to Mauritius having managed well its ethnic diversity.<sup>26</sup>

---

<sup>20</sup> Arvind Subramanian & Devesh Roy, ‘Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?’, *IMF Working Paper*, 2011, p.6, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>; Ali Zafar, ‘Mauritius: An Economic Success Story’, undated, p.99, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>21</sup> Jeffrey Frankel, ‘Mauritius: African Success Story’, *NBER Working Paper*, 2010, p.18, <http://www.nber.org/papers/w16569.pdf>; Arvind Subramanian & Devesh Roy, ‘Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?’, *IMF Working Paper*, 2011, p.27, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>; David Sebudubudu and Keneilwe Mooketsane, ‘What Has Made Political Institutions in Botswana and Mauritius Tick?’, *Taiwan Journal of Democracy*, 2016, <http://www.tfd.org.tw/export/sites/tfd/files/publication/journal/145-168-What-Has-Made-Political-Institutions-in-Botswana-and.pdf>

<sup>22</sup> Ali Zafar, ‘Mauritius: An Economic Success Story’, undated, p.92, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>23</sup> Arvind Subramanian, ‘The Mauritian Success Story and its Lessons’, *UNU-WIDER Research Paper*, 2009, p.23, <https://www.wider.unu.edu/publication/mauritian-success-story-and-its-lessons-0>

<sup>24</sup> Jeffrey Frankel, ‘Mauritius: African Success Story’, *NBER Working Paper*, 2010, p.27, <http://www.nber.org/papers/w16569.pdf>

<sup>25</sup> Ali Zafar, ‘Mauritius: An Economic Success Story’, undated, p.101, <http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>26</sup> David Sebudubudu and Keneilwe Mooketsane, ‘What Has Made Political Institutions in Botswana and Mauritius Tick?’, *Taiwan Journal of Democracy*, 2016, p.158, <http://www.tfd.org.tw/export/sites/tfd/files/publication/journal/145-168-What-Has-Made-Political-Institutions-in-Botswana-and.pdf>



## Diversification of the economy

Mauritius has transformed itself from relying on sugar to becoming a diversified economy promoting various exports and sectors, particularly light manufacturing, financial and other services and service-related information and communication technology.<sup>27</sup> In 1968, at the dawn of its independence, Mauritius was a sugar-based monoculture, where agriculture made up 25% of GDP. Agriculture now accounts for less than 4% of GDP, of which sugar barely accounting for a third of that.<sup>28</sup>

## Investment in people

Mauritian economic performance has been sustained by OECD-style social protection, notably a sophisticated pension system covering retirement benefits and for civil servants.<sup>29</sup> The country also provides free education and healthcare and has long invested heavily in quality schooling.<sup>30</sup> However, the education system remains weak in several areas, with only 20-30% of pupils reaching the end of the secondary school cycle.<sup>31</sup>

## Challenges

Mauritius is no paradise, and faces several challenges. A particularly insidious aspect of Mauritius' diversification is its championing of offshore banking. This was introduced in 1988 as a first step toward developing Mauritius into an international financial centre, and has been a significant growth vehicle for the economy.<sup>32</sup> But it has made the country the number one secrecy jurisdiction in the Southern Hemisphere, where numerous companies take advantage of low taxes and secrecy to avoid paying tax.<sup>33</sup>

There are other challenges. Income inequality, which fell in the first decades of Mauritian economic success, has widened significantly in more recent years, especially between modest households and the upper middle class. In the health

---

<sup>27</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.92,  
<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>28</sup> I.Ramdoe, 'Economic transformation in Mauritius', *GREAT Insights*, May 2014,  
<http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>

<sup>29</sup> Arvind Subramanian & Devesh Roy, 'Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?', *IMF Working Paper*, 2011, p.9, <https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>

<sup>30</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.95,  
<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>31</sup> I.Ramdoe, 'Economic transformation in Mauritius', *GREAT Insights*, May 2014,  
<http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>

<sup>32</sup> Ali Zafar, 'Mauritius: An Economic Success Story', undated, p.101,  
<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

<sup>33</sup> Jean Merckaert, 'Mauritius: the flip side of paradise', 2 February 2010,  
<http://taxjustice.blogspot.com.es/2010/02/mauritius-flip-side-of-paradise.html>

sector, the country has one of the highest rates of diabetes in the world, and significant rates of some other non-communicable diseases.<sup>34</sup>

---

<sup>34</sup> I.Ramdoe, 'Economic transformation in Mauritius', *GREAT Insights*, May 2014, <http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>

# SOUTH KOREA

## Improvements in well-being

The Republic of Korea has in just over half a century risen from chronic poverty to become one of the world's most dynamic industrial economies. Between 1961 and 1993, its poverty rate fell from 48% to 7.6%.<sup>35</sup> South Korea's GDP grew an average of 10% a year between 1962 and 1994. Gross national income per capita has risen astronomically, from just \$67 in the early 1950s – making it then one of the poorest countries in the world - to over \$34,000 now: Koreans' average incomes are 91% of the level for Britons.<sup>36</sup>

Koreans can now expect to live 82 years on average and the country ranked 18 out of 188 countries on the UN's Human Development Index.<sup>37</sup> South Korea is the first country to transition from being an aid recipient to being a donor and is now the world's 15<sup>th</sup> largest economy.

## How has South Korea achieved success?

South Korea's success has long been the subject of debate, ranging from those who argue that this has been due to the country's outward/export orientation and pro-market policies, downplaying interventionist policies promoted by the government, and those arguing precisely that those interventionist policies, especially an industrial policy, explains Korea's economic performance.<sup>38</sup> The weight of evidence strongly suggests that the government's interventionist role – going distinctly against the notion of neoliberalism - has been the decisive and critical factor. Three inter-related economic strategies – all of which challenge neoliberalism – mainly explain South Korea's economic success.

### The key role of government

Government intervention has taken place strategically, often in alignment with underlying market forces and by deploying market incentives, and has been reduced over time, allowing the Korean economy to become more liberalised, especially once domestic firms were in a better position to compete in the global economy.<sup>39</sup> Korean

---

<sup>35</sup> Federico Basañes, 'Can Latin America learn from Korea's economic miracle?', 16 March 2015, <https://blogs.iadb.org/ideasmatter/2015/03/16/can-latin-america-learn-koreas-economic-miracle/>

<sup>36</sup> 'Overview', <http://www.worldbank.org/en/country/korea/overview>; UNDP, *Human Development Report 2016*, p.198, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>37</sup> UNDP, *Human Development Report 2016*, p.198,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>38</sup> Arvind Panagariya, 'Korean Growth Experience', 25 April 2011,

<http://www.columbia.edu/~ap2231/ET/et25-april01.htm>

<sup>39</sup> Stephen Smith, *Case Studies in Economic Development*, 2003, p.146,

<https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>; Ha-Joon Chang,

industrialisation began with an import substitution phase in the 1950s and early 1960s. After the country's switch to an export-led growth strategy in the 1960s, selective protection of industry continued to play a very important role in industrial development. Only in the late 1980s and early 1990s, and only then partially, did South Korea substantially liberalise.<sup>40</sup>

South Korean governments adopted highly interventionist strategies on trade and domestic economic development, with a special focus on promoting domestic enterprises and deepening local capabilities. The role played by its developmental state has long been extensively documented.<sup>41</sup> Ha-Joon Chang, a prominent analyst of Korea's alternative development strategy, has noted:

'What Korea actually did during these decades was to nurture certain new industries, selected by the government in consultation with the private sector, through tariff protection, subsidies and other forms of government support (e.g., overseas marketing information services provided by the state export agency) until they 'grew up' enough to withstand international competition. The government owned all the banks, so it could direct the life blood of business—credit. Some big projects were undertaken directly by state-owned enterprises—the steel maker, POSCO, being the best example—although the country had a pragmatic, rather than ideological, attitude to the issue of state ownership. If private enterprises worked well, that was fine; if they did not invest in important areas, the government had no qualms about setting up state-owned enterprises; and if some private enterprises were mismanaged, the government often took them over, restructured them, and usually (but not always) sold them off again'.<sup>42</sup>

The Korean government heavily prioritised exports, and one of the most important reasons for South Korea's remarkable industrial achievements appears to be the orientation of its industrial policy toward promotion of exports of increasingly sophisticated skill and technology content. Strong financial incentives for industrial firms to move up the ladder of skills and technology have been present in most of its policies.<sup>43</sup> One analysis notes that there have been at least 21 major types of export promotion-oriented industrial policy interventions in South Korea, most of which were gradually eliminated by the early 2000s. These included:

- Preferential access to imported intermediate inputs needed for producing exports

---

*Bad Samaritans: The myth of free trade and the secret history of capitalism*, 2007, p.xxi, <https://analepsis.files.wordpress.com/2011/08/ha-joon-chang-bad-samaritans.pdf>

<sup>40</sup> Stephen Smith, *Case Studies in Economic Development*, 2003, p.144, <https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>

<sup>41</sup> See, for example, in addition to other sources cited here Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization*, 1989; Ha-Joon Chang, 'The Political Economy of Industrial Policy in Korea', in Ha-Joon Chang and R. Rowthorn, eds., *The Role of the State in Economic Change*, 1995

<sup>42</sup> Ha-Joon Chang, *Bad Samaritans: The myth of free trade and the secret history of capitalism*, 2007, p.xx, <https://analepsis.files.wordpress.com/2011/08/ha-joon-chang-bad-samaritans.pdf>

<sup>43</sup> Stephen Smith, *Case Studies in Economic Development*, 2003, p.139, <https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>

- Targeted infant industry protection as a first stage before launching an export drive
- Direct export subsidies for selected industries
- Monopoly rights granted to the firm first to achieve exports in targeted industries
- Subsidized interest rates for exporters, A system of export credit insurance and guarantees<sup>44</sup>

Korean governments have also placed emphasis on, and expended significant resources on, educating their population and workforce. Human resource development through promoting a well-educated, strongly motivated and highly disciplined workforce has been a key factor behind South Korea's success.<sup>45</sup>

### Restrictions on FDI

In contrast to neoliberalism's championing of FDI, South Korea often practised heavy restrictions. Beginning in the 1950s, South Korea's government chose to restrict foreign ownership and the repatriation by investors of profits in many sectors, along with controls on technology transfers. Instead of relying on funding through FDI, the government itself took out large foreign loans and allocated them to strategic industries, which in turn led to a massive influx of foreign capital goods and turnkey plants. Private industries acquired the necessary technologies by reverse engineering the imported machines, or through technical training as part of turnkey projects.<sup>46</sup>

South Korea's export drive was led by local not foreign firms, and wide-ranging government support allowed local firms to build impressive technological capabilities. The domestic market was not exposed to free trade; rather, a range of quantitative and tariff measures were used over time to give infant industries 'space' to develop their capabilities. The deleterious effects of protection were offset by strong pressures to export and face full international competition.<sup>47</sup> The country was certainly open to trade but on its own terms: it relentlessly promoted its exports and was able to allocate human capital and resources to its most productive industries in ways that many other countries struggled to do.<sup>48</sup>

Protection of infant-industry played a crucial role in Korea's success. Targeted industries were granted absolute protection in the domestic market via import controls while, using export targets, the government insisted that the firms export a

---

<sup>44</sup> Stephen Smith, *Case Studies in Economic Development*, 2003, p.141,

<https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>

<sup>45</sup> Sung Chulchung, 'Lessons to be learned from South Korea's stellar rise', 23 February 2015, <http://europesworld.org/2015/02/23/lessons-learned-south-koreas-stellar-rise/#.WS1POcYIGUk>

<sup>46</sup> Sung Chulchung, 'Lessons to be learned from South Korea's stellar rise', 23 February 2015, <http://europesworld.org/2015/02/23/lessons-learned-south-koreas-stellar-rise/#.WS1POcYIGUk>

<sup>47</sup> Mohammed Yiner, 'Economic and Social Transformations of Korea; Lessons for Developing Countries With a particular Relevance to Ethiopia', *International Journal of Political Science and Development*, 2015, p.143, <http://www.academicresearchjournals.org/IJPSD/PDF/2015/March/Yimer%201.pdf>

<sup>48</sup> Federico Basaños, 'Can Latin America learn from Korea's economic miracle?', 16 March 2015, <https://blogs.iadb.org/ideasmatter/2015/03/16/can-latin-america-learn-koreas-economic-miracle/>

growing proportion of their output at world prices.<sup>49</sup> Tariff protection and subsidies were not meant to be permanent or to shield industries from international competition forever, but to give them the time to absorb new technologies and establish new capabilities until they could compete in the world market.<sup>50</sup> As noted above, South Korea maintained a very extensive system of import controls well into the 1980s.<sup>51</sup>

Thus South Korea pursued industrialisation often by imitating and assimilating foreign technologies. Sung Chulchung notes that, in the case of light industries, like shoes, clothing and textiles, the major sources of technological training and learning were original equipment manufacturing (OEM) production arrangements. South Korean companies benefited hugely from these because they offered opportunities to work with foreign buyers who would provide everything from product designs and materials to quality control.<sup>52</sup> Korean industry built up an impressive R&D capability by drawing extensively on foreign technology in forms that promoted local control. The government encouraged the hiring of foreign experts and but FDI was allowed only where considered necessary, and the government sought to keep control firmly in local hands. Foreign majority ownership was not permitted unless it was a condition of having access to closely held technologies or to promote exports in internationally integrated activities.<sup>53</sup>

### **Promoting firms and technology development**

A report for the UN University notes that the real lesson from Korea is that the government was able to strengthen the capability of firms, thus inducing sustained growth for several decades.<sup>54</sup> From the 1970s the government put an emphasis on technological development by publicly funding and conducting research and development (R&D). The results were shared with private firms, and in the 1980s a public-private joint R&D programme was set up for bigger, risky projects. This intensification of R&D expenditure and a focus on higher education laid the basis for knowledge-driven growth. This is apparent in the rise in US patents filed by Koreans.<sup>55</sup>

---

<sup>49</sup> Arvind Panagariya, 'Korean Growth Experience', 25 April 2011,

<http://www.columbia.edu/~ap2231/ET/et25-april01.htm>

<sup>50</sup> Ha-Joon Chang, *Bad Samaritans: The myth of free trade and the secret history of capitalism*, 2007, p.xxi, <https://analepsis.files.wordpress.com/2011/08/ha-joon-chang-bad-samaritans.pdf>

<sup>51</sup> Stephen Smith, *Case Studies in Economic Development*, 2003, p.143,

<https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>

<sup>52</sup> Sung Chulchung, 'Lessons to be learned from South Korea's stellar rise', 23 February 2015,

<http://europesworld.org/2015/02/23/lessons-learned-south-koreas-stellar-rise/#.WS1POcYIGUk>

<sup>53</sup> Mohammed Yiner, 'Economic and Social Transformations of Korea; Lessons for Developing Countries With a particular Relevance to Ethiopia', *International Journal of Political Science and Development*, 2015, p.145, <http://www.academicresearchjournals.org/IJPSD/PDF/2015/March/Yimer%201.pdf>

<sup>54</sup> Keun Lee, 'How Can Korea be a Role Model for Catch-up Development? A 'Capability-based View'', *Research Paper*, June 2009, <https://www.wider.unu.edu/publication/how-can-korea-be-role-model-catch-development>

<sup>55</sup> Keun Lee, 'How Can Korea be a Role Model for Catch-up Development? A 'Capability-based View'', *Research Paper*, June 2009, p.4, <https://www.wider.unu.edu/publication/how-can-korea-be-role-model-catch-development>

The government supported technological effort in South Korea in several ways, including through tax incentives, tax credits for R&D expenditures as well as for upgrading human capital related to research and setting up industry research institutes, reduced import duties for imported research equipment, and a reduced excise tax for technology-intensive products. But aside from these specific policies, the tremendous growth of industrial R&D came from the overall incentive regime that created large firms, gave them a protected market to master complex technologies, minimized reliance on FDI, and forced them into international markets where competition ensured that they would have to invest in their own research capabilities.<sup>56</sup>

In a paper for the UN Keun Lee of Seoul National University writes:

‘Without strengthened R&D capability, sustained export growth is not possible. The difference between the more and less successful Asian economies was the priority given to technology and, in particular, higher education to enhance long-term growth potential. These are missing from the Washington consensus, even though they can be considered as the distinctive core elements of the approach adopted in northeast Asia’.<sup>57</sup>

Lee notes that technology needs to be singled out because without it, sustained growth is impossible. In an era of open competitive markets, private companies cannot sustain momentum with cheap products; they must move up to higher value-added goods through continual upgrading, improvement and technological innovation. Furthermore, Lee notes:

‘Whenever possible, private companies, including locally controlled joint-ventures (JVs), should be ‘local’ enterprises, not the foreign-controlled subsidiaries of multinational corporations (MNCs). The multinationals are continually on the move around the world, seeking cheaper wages and bigger markets, and cannot be relied upon to generate sustained growth in specific localities or countries. MNCs are, however, useful channels for knowledge transfer and learning’.<sup>58</sup>

## Challenges

South Korea’s economic success has not been without challenges. Ha-Joon Chang notes surveys suggesting that Koreans are among the unhappiest people in OECD countries.<sup>59</sup> In addition, the country lacks a decent welfare state and its spending on

---

<sup>56</sup> Mohammed Yiner, ‘Economic and Social Transformations of Korea; Lessons for Developing Countries With a particular Relevance to Ethiopia’, *International Journal of Political Science and Development*, 2015, p.145, <http://www.academicresearchjournals.org/IJPSD/PDF/2015/March/Yimer%201.pdf>

<sup>57</sup> Keun Lee, ‘How Can Korea be a Role Model for Catch-up Development? A ‘Capability-based View’, *Research Paper*, June 2009, pp.2-3, <https://www.wider.unu.edu/publication/how-can-korea-be-role-model-catch-development>

<sup>58</sup> Keun Lee, ‘How Can Korea be a Role Model for Catch-up Development? A ‘Capability-based View’, *Research Paper*, June 2009, p.4, <https://www.wider.unu.edu/publication/how-can-korea-be-role-model-catch-development>

<sup>59</sup> Ha-Joon Chang, ‘South Korea's economic reforms – a recipe for unhappiness’, 1 April 2012, <https://www.theguardian.com/commentisfree/2012/apr/01/south-korea-recipe-for-unhappiness>

welfare is one of the lowest in the OECD. Chang adds that, given this, 'people live in constant fear of unemployment, forced retirement, and major illnesses, which expose them to a life of penury'.<sup>60</sup>

---

<sup>60</sup> Ha-Joon Chang, 'South Korea's economic reforms – a recipe for unhappiness', 1 April 2012, <https://www.theguardian.com/commentisfree/2012/apr/01/south-korea-recipe-for-unhappiness>



# ECUADOR

## Improvements in well-being

Ecuadorians saw major gains in their welfare under the three governments of President Rafael Correa during 2007-16. Governments preceding Correa instituted neoliberal austerity and privatisation programmes, exacerbating inequality, poverty and unemployment. Ecuador became one of the least developed nations in the region, with nearly two million Ecuadorians out of a population of 12-13 million leaving the country for economic reasons.<sup>61</sup> Correa introduced a programme of policies consisting significantly – but not completely – of alternatives to neoliberalism. Key areas included highly redistributive social policies financed through increased oil tax revenue from re-writing of oil contracts, the restructuring of the public debt, the expansion of social security programmes and large investments in health and education.<sup>62</sup>

During 2007-2015 Ecuador enjoyed economic growth of 4.2% a year while unemployment fell to just 5.2%.<sup>63</sup> Most importantly, poverty was reduced. Different figures are available, some suggesting that poverty fell from 38% in 2007 to 22% in 2016, with rural poverty falling from 61% to 35% and extreme poverty from 13% to 5.7%.<sup>64</sup> World Bank figures are that the number of Ecuadorians living on less than \$1.90 a day halved from 1.3 million in 2006 to 600,000 in 2015.<sup>65</sup>

Inequality between the richest and poorest has been reduced: the richest 10% of the population accounted for 42 times as much as the poorest 10% before Correa, and now accounts for 22 times as much: still a large difference, but much less.<sup>66</sup> A recent ODI report notes that since 2006, Ecuador has achieved the world's most 'inclusive' growth if we consider the growth rate of the incomes of the poorest 40% of the

---

<sup>61</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>62</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.7, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>63</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>64</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>65</sup> 'Ecuador', <http://povertydata.worldbank.org/poverty/country/ECU>

<sup>66</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>. Inequality as measured by the Gini coefficient fell from 0.55 to 0.47, or by the ratio of the top 10% to the bottom 10% of the income distribution from 36 to 25 as of 2012. 'Ecuador After Ten Years of President Correa: New Paper Examines Key Indicators, Reforms, and Policy Changes', 10 February 2017, <http://cepr.net/press-center/press-releases/ecuador-after-ten-years-of-president-correa-new-paper-examines-key-indicators-reforms-and-policy-changes>

population relative to the average: in Ecuador these grew over eight times the rate of the average.<sup>67</sup> Income and consumption of the poorest have improved:

- From 2006 to 2012, the consumption of the bottom decile of the population grew by almost 4.5% each year while the top decile recorded negative growth of -1.7%.<sup>68</sup>
- Between 2007 and 2013, the wages of the poorest quintile rose by 44% and of the richest quintile by 4.6%.<sup>69</sup>

Ecuador has also enshrined in its new Constitution, established in 2008, the principle of *Buen Vivir* ('living well') where the state's purpose is to fulfil peoples' material and spiritual needs in harmony with their natural environment, prioritising quality of life over wealth, income or profit. It delineates a conceptual framework for policy-making based on justice and the distribution of resources as well as fuller knowledge of ethnic diversity and the historic dispossession of indigenous peoples.<sup>70</sup>

## How has Ecuador achieved success?

Many policies of the *Alianza PAIS* movement which Correa headed and which was underpinned by widespread popular social mobilisation, represented a radical break with the Washington Consensus. From the 1980s, Ecuador received dozens of loans from the World Bank and IMF which often included structural adjustment conditions, such as trade and financial liberalisation, spending cuts and privatisation of state-owned industries. Indebtedness and economic dependency left Ecuador with little choice but to implement these policies.<sup>71</sup> Correa's governments reversed course and were able to achieve considerable economic and social progress despite two recessions caused by serious external shocks.<sup>72</sup>

As Mark Weisbrot of the US-based Centre for Economic Policy and Research (CEPR) has written, Ecuador is a good example of how a leftist government achieved success over the past decade through positive and creative changes in economic policy, as well as financial, institutional, and regulatory reform. 'It turns out that even a relatively small, middle-income developing country can adopt workable alternative

---

<sup>67</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.9,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>68</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.14,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>69</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.24,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>70</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.29,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>; Tara

Ruttenberg, 'Policies to Match the Rhetoric: Buen Vivir in Ecuador', 6 November 2012,

<http://cepr.net/blogs/the-americas-blog/policies-to-match-the-rhetoric-buen-viver-in-ecuador>

<sup>71</sup> Jonas Gamso, 'How Ecuador Transitioned From 20th Century Neoliberalism to 21st Century

Socialism', 1 July 2015, [http://www.truth-out.org/opinion/item/31662-how-ecuador-transitioned-from-](http://www.truth-out.org/opinion/item/31662-how-ecuador-transitioned-from-20th-century-neoliberalism-to-21st-century-socialism)

[20th-century-neoliberalism-to-21st-century-socialism](http://www.truth-out.org/opinion/item/31662-how-ecuador-transitioned-from-20th-century-neoliberalism-to-21st-century-socialism)

<sup>72</sup> Mark Weisbrot, 'Ecuador's Left-Wing Success Story', 14 February 2017

<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

policy options—if people can elect a government that is independent and responsible enough to use them’.<sup>73</sup> Analysis by CEPR notes:

‘What is most remarkable is that many of these reforms were unorthodox or against the prevailing wisdom of what governments are supposed to do in order to promote economic progress. Taking executive control over the central bank, defaulting on one-third of the foreign debt, increasing regulation and taxation of the financial sector, increasing restrictions on international capital flows, greatly expanding the size and role of government – these are measures that are supposed to lead to economic ruin. The conventional wisdom is also that it is most important to please investors, including foreign creditors, which this government clearly did not do.’<sup>74</sup>

Eight policies are among those that were key to Correa’s success, several of which challenge neoliberalism.

### **Debt repayments**

Correa rejected IMF and World Bank policies which had provided numerous loans to Ecuador, entrapping the country in debt. Ecuador’s debt was \$14 billion in 1980, the country paid back \$7 billion, but still owed \$14 billion. The IMF demanded cuts in wages and state budgets and that 80% of oil revenues go to debt payments.<sup>75</sup> In 2008, a commission presented a report that found various irregularities in the mechanisms by which Ecuador had acquired these debts. As a consequence, the government stopped paying its bonds in November 2008 and renounced \$3.9 billion of the debt (one-third of the total) found to be illegitimate. This reduced the country’s debt to 14% of GDP, a new historical low.<sup>76</sup> The savings contributed to the availability of finances to invest in social programmes.

### **Raising tax revenues**

The Correa government’s financial reforms contributed significantly to an unprecedented rise in government revenue. Between 1996 and 2012, tax revenues in Ecuador increased from 5.6% of GDP to 14.5%.<sup>77</sup> Direct taxes (mainly corporation taxes) increased from around 35% of total taxes in 2006 to over 40% in 2011. ‘The government is now collecting the taxes owed by companies’, Correa stated, adding

---

<sup>73</sup> Mark Weisbrot, ‘Ecuador’s Left-Wing Success Story’, 14 February 2017

<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

<sup>74</sup> ‘New Paper Finds that Ecuadorean Financial Reforms Under Correa Have Been Successful’, 14 February 2013, <http://cepr.net/press-center/press-releases/new-paper-finds-that-ecuadorean-financial-reforms-under-correa-have-been-successful>

<sup>75</sup> Stansfield Smith, ‘Ecuador’s Accomplishments under the 10 Years of Rafael Correa’s Citizen’s Revolution’, 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>76</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>77</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

half-jokingly: 'a radical innovation in the capitalist world'.<sup>78</sup> While VAT as a share of GDP remained stable throughout the 2000s, income tax increased from 1.5% of GDP to 4.2%.<sup>79</sup>

The Correa government increased taxes on the rich and cut down on tax evasion. A tax on capital flight was introduced, generating \$1 billion in revenue in 2012-2015.<sup>80</sup> Other reforms adopted in 2007 established an overseas remittance tax, to retain dollars within the economy, a progressive inheritance tax, and tax deductions for household spending on health, education, food and housing.<sup>81</sup>

## Financial policy

Before Correa, Ecuador pursued a classic neoliberal policy by having the country's Central Bank act 'independently' of politicians, with a mandate to focus on low inflation. After a new constitution was approved in 2008 in a referendum, the Central Bank was made part of the government's economic team.<sup>82</sup> The Correa government then compelled the Central Bank to repatriate billions in assets held abroad, eventually amounting to around \$2 billion.<sup>83</sup> A new law in 2009 required that banks in Ecuador bring 45% of their liquid assets back into the country; this requirement increased to 60% in 2012, and the actual level was more than 80% by 2015. Mark Weisbrot notes that these and other reforms that kept dollars in the country were essential to overcoming the new government's first serious challenge: the world financial crisis of 2008 and world recession of 2009.<sup>84</sup> The extra finances were used by the public banks to make loans for infrastructure, housing, agriculture and other domestic investment.<sup>85</sup>

Ecuador's financial policy during external economic shocks also included trade policy. The government imposed a variety of tariffs on imports under the World Trade Organisation's provision for emergency balance-of-payments safeguards. This reduction of imports in 2015-16 added about 7.6 percentage points to GDP

---

<sup>78</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>79</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>80</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>81</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>82</sup> Mark Weisbrot, 'Ecuador's Left-Wing Success Story', 14 February 2017

<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

<sup>83</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>; Mark Weisbrot, 'Why Ecuador loves Rafael Correa', 15 February 2013,

<https://amp.theguardian.com/commentisfree/2013/feb/15/rafael-correa-ecuador-elections>

<sup>84</sup> Mark Weisbrot, 'Ecuador's Left-Wing Success Story', 14 February 2017

<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

<sup>85</sup> Mark Weisbrot, 'Why Ecuador loves Rafael Correa', 15 February 2013,

<https://amp.theguardian.com/commentisfree/2013/feb/15/rafael-correa-ecuador-elections>

during those years. This counteracted spending cuts that the government had to make as revenues crashed.<sup>86</sup>

### **Renegotiating oil contracts**

Ecuador is an oil exporter, but had benefited relatively little from this because of the high share of profits that went to foreign oil companies. The Correa government renegotiated oil contracts with multinationals on terms much more favourable to the state.

In 2006, the government of Alfredo Palacio established a new windfall tax, under which all additional revenue from any increase in the price of oil over the contracted price would be split equally between the government and the oil companies. In 2007, the Correa government changed this to a 99-1 distribution in favour of the government, and then finally set it at 70-30 in 2008.<sup>87</sup>

Then in July 2010, a new law dramatically changed the terms of oil contracts, increasing the government's share from 13% to 87% of gross oil revenues. Seven of the 16 foreign oil companies decided to pull out, and their fields were taken over by state-run companies. But the others stayed on and, as a result, state revenues increased by \$870 million in 2011<sup>88</sup> or from 7.8% of GDP in 2006 to 20% in 2011 (eventually falling, along with the world oil price, to around 11% of GDP in 2014).<sup>89</sup> While from 2000 to 2006 public oil revenue was around \$13 billion, in the 2007–2013 period it more than quadrupled to \$62 billion.<sup>90</sup> These new funds enabled the government to triple investments in infrastructure and public services, such as housing, free education and health care.<sup>91</sup>

### **Tax havens**

Ecuador has led an international campaign both for the elimination of tax havens and the creation of a new UN judicial body to regulate tax havens and recoup lost tax revenue. Domestically, it has stated that wealthy citizens and companies hide \$30 billion in overseas tax havens, equivalent to one third of the country's GDP, siphoning off national wealth. The proposal has been made to bar public servants

---

<sup>86</sup> Mark Weisbrot, 'Ecuador's Left-Wing Success Story', 14 February 2017

<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

<sup>87</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>88</sup> Jayati Ghosh, 'Could Ecuador be the most radical and exciting place on Earth?', 19 January 2012,

<https://www.theguardian.com/commentisfree/cifamerica/2012/jan/19/ecuador-radical-exciting-place>

<sup>89</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.30,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>90</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.24,

<https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>91</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

from holding office if they hold assets in tax havens with those affected having to repatriate their assets.<sup>92</sup>

## Investment in education and health

Ecuador under Correa achieved the highest public investment levels in its history.<sup>93</sup> Social spending as a percentage of GDP doubled during 2007-16, involving large increases in expenditure on education and healthcare.<sup>94</sup>

Government expenditure on health services doubled as a percentage of GDP from 2006 to 2016 as the government placed emphasis on providing free services.<sup>95</sup> Due to free health care, visits to the doctor almost tripled in ten years. In the 40 years prior to Correa, not one new public hospital was built in any of the main cities. Since then, 13 new hospitals have been constructed, with more under way around the country, while an additional 34,000 medical professionals were recruited.<sup>96</sup>

Over \$20 billion was invested in education in Correa's ten year presidency, providing free education and, for low-income students, free school supplies, books, uniforms, and meals.<sup>97</sup> Spending on primary and secondary education increased from 3% of GDP (\$1.4 billion) in 2007 to 5.2% of GDP (\$3.4 billion) in 2011. One of the main uses of the increased funding was to make services free at the point of delivery and to identify other measures to improve access to them. These measures included: doubling the coverage of free meals at schools from 1.3 million beneficiaries in 2007 to 2.1 million in 2013; abolishing all tuition and voluntary contributions to public schools in 2007; and launching a free textbook and uniform programme in 2007.<sup>98</sup> Some 300,000 children who used to have to work went back

---

<sup>92</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>93</sup> Peter Tase, 'The Republic of Ecuador: a comprehensive strategy for sustainable development and economic growth', 23 August 2015, <http://foreignpolicynews.org/2015/08/23/the-republic-of-ecuador-a-comprehensive-strategy-%E2%80%A8for-sustainable-development-and-economic-growth/>

<sup>94</sup> Mark Weisbrot, 'Ecuador's Left-Wing Success Story', 14 February 2017 <https://www.thenation.com/article/ecuadors-left-wing-success-story/>

<sup>95</sup> 'Ecuador After Ten Years of President Correa: New Paper Examines Key Indicators, Reforms, and Policy Changes', 10 February 2017, <http://cepr.net/press-center/press-releases/ecuador-after-ten-years-of-president-correa-new-paper-examines-key-indicators-reforms-and-policy-changes>; Other figures are that health spending rose from 1.2% of GDP, the lowest in Latin America (\$606m – about \$500 per capita), in 2007 to 2.4% (\$1,611 million, corresponding to \$692 per capita) in 2011. ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.34, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>96</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>97</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>; 'Ecuador's Citizens' Revolution: Retaking Power from the Old Elites', undated, <http://www.telesurtv.net/english/amp/english/analysis/Ecuadors-Citizens-Revolution-Transformed-a-Nation--20150113-0022.html>

<sup>98</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.34, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

to school. In 2015 the country had the second highest level of public investment in higher education in the world<sup>99</sup>

### **Promoting anti-poverty programmes**

The Correa governments had an active minimum wage which was high by international standards. Ecuador's minimum wage has more than doubled, from \$170 a month in 2007 to \$375 by 2017, one of the highest in Latin America. The minimum wage now covers the cost of the basic basket of goods, whereas in 2006 it covered only 68%.<sup>100</sup> The 2008 Constitution commits the government to revising the minimum wage annually, and in so doing, aiming to reach a *salario digno* or decent wage based on permitting an average family to acquire the minimum basket of goods.<sup>101</sup>

The ODI study notes that a variety of policies have been adopted since 2007 to increase the coverage of social security, which in 2014 reached 41% of the population. Legislation passed after a referendum in 2011 made it illegal (and subject to imprisonment) for employers to fail to register their workers for social security, thus also enforcing the minimum wage policy. Further, these policies banned outsourcing, hiring by the hour, and other exploitative forms of labour; labour inspections also increased significantly. Early evaluations of these interventions show that they are having a positive and significant effect on compliance. From 2008 to 2011, the number of workers registered for social security doubled and it increased 81% between 2007 and 2013.<sup>102</sup> The *Bono de Desarrollo Humano* ('Human Development Bonus') of \$50 a month aids 1.3 million poor families with children.<sup>103</sup>

### **Environmental protection**

Ecuador has promoted some progressive environmental policies. It is the first country to recognize Rights of Nature in its Constitution, which, rather than treating nature as property under the law, acknowledges that nature in all its life forms has the 'right to exist, persist, maintain and regenerate its vital cycles'. Thus people have the legal authority to enforce these rights on behalf of ecosystems.<sup>104</sup>

---

<sup>99</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>; 'Ecuador's Citizens' Revolution: Retaking Power from the Old Elites', undated, <http://www.telesurtv.net/english/amp/english/analysis/Ecuadors-Citizens-Revolution-Transformed-a-Nation--20150113-0022.html>

<sup>100</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>101</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.25, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>102</sup> ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, p.25, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

<sup>103</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>104</sup> 'Ecuador Adopts Rights of Nature in Constitution', <http://therightsofnature.org/ecuador-rights/>

Ecuador has made major advances in converting to renewable energy, by 2015 had cut the rate of deforestation in half, and pays communities, mostly in the Amazon, to protect forests by permitting only fishing and hunting within them.<sup>105</sup> At the 2015 Paris climate summit, Correa called for an International Court of Environmental Justice to punish multinational corporations and developed countries' environmental crimes and for reparations for their ecological debt they have caused through their plundering of resources, carbon dioxide emissions, production of technological waste and their role in climate change.<sup>106</sup> Ecuador also made the significant proposal to leave oil in the Amazon Yasuni area in the ground to preserve the Yasuni's unique biodiversity as a world treasure and carbon sink. However, a small part of this area – amounting to 3/4 of a square mile – was eventually opened for drilling.<sup>107</sup>

However, the Correa government has been criticised for criminalising and threatening environmental activists and indigenous people. Some NGOs have noted Correa's 'extractivist' resource strategy that prioritises short-term revenue generation over environmental protection and indigenous territorial rights and which has sometimes failed to adequately consult with indigenous landholders before pursuing projects which affect their land.<sup>108</sup> The government has also been criticised for temporarily closing down a well-known environmental organisation, *Acción Ecológica*, as a way of punishing it for critiquing the government and for its role in anti-mining protests.<sup>109</sup>

## Challenges

Correa government policies were not all progressive or present alternatives to neoliberalism; far from it. The private sector was allowed to play a strong role in health policy, which was sometimes been criticised for its neoliberal aspects such as channeling state investment to the private sector and subcontracting services to private providers.<sup>110</sup> In education, huge emphasis was placed by the Correa governments on increasing resources but much less, and insufficient, attention was

---

<sup>105</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>106</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>107</sup> Stansfield Smith, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>

<sup>108</sup> Moira Birss, "'Buen Vivir' for Whom?", 26 January 2017, <http://nacla.org/news/2017/01/26/buen-vivir-whom>

<sup>109</sup> Emily Billo and Isaiah Zukowski, 'Criminals or Citizens? Mining and Citizen Protest in Correa's Ecuador', 2 November 2015, <http://nacla.org/news/2015/11/02/criminals-or-citizens-mining-and-citizen-protest-correa%E2%80%99s-ecuador>

<sup>110</sup> Xavier Maldonado et al, 'Políticas neoliberales de salud en el gobierno de Correa', 23 May 2017, <https://lalineadefuego.info/2017/05/23/politicas-neoliberales-de-salud-en-el-gobierno-de-correa-por-xavier-maldonado-erika-arteaga-y-juan-cuvi/>



given to improving the quality of education. According to one study, only 55% of students complete secondary education and 11% drop out from primary school.<sup>111</sup>

On a personal level, Correa was criticised for a sometime authoritarian and confrontational style, and for dismissing those who defied his ideas or power. Many indigenous leaders faced jail or trials and were subject to heavy-handed treatment. There were also restrictions on freedom of expression and failure to act on labour rights abuses. Human Rights Watch noted in 2016: 'The administration of President Rafael Correa has expanded state control over media and civil society and continues to harass, intimidate, and punish critics'.<sup>112</sup> There were also problems with corruption; for example, Correa's Deputy Jorge Glas was sent to jail for six years in December 2017 for taking bribes from a Brazilian multinational construction company.<sup>113</sup>

In the area of agriculture and rural development, government policy was often ambivalent. On the one hand, the government promoted genetically modified crops, a policy associated with championing global corporations. On the other, Ecuador was one of a handful of countries that attempted to institutionalise food sovereignty – an alternative to the neoliberal global food system which seeks to return control over food systems to small-scale farmers - in state policy. The government implemented a programme to redistribute some land through the *Plan Tierras*, which not only redistributes land but also helps *campesinos* get title to land to which they do not have title. There was also a significant expansion of public credit available to producers of all sizes through the national development bank, the *Banco Nacional de Fomento*.

However, a recent study finds that the institutionalisation of food sovereignty in Ecuador coincided with a 'demobilization of rural social movements in the country'. While some programmes benefited small producers, government policy mainly promoted 'conventional productivist programmes that do not represent the principles of food sovereignty'. Moreover, the bulk of agricultural production still comes from large-scale agribusiness in traditional (bananas) and non-traditional (shrimp, broccoli) exports. Indeed, the study notes that large-scale agribusiness expanded under the Correa government, and that products traditionally produced by *campesino* producers for the national market concurrently declined.<sup>114</sup>

---

<sup>111</sup> Rosa María Torres, 'Educación: una "revolución" sobrevalorada', 23 May 2017, <http://gkillcity.com/articulos/10-anos-rafael-correa-el-balance/educacion-revolucion-sobrevalorada>

<sup>112</sup> 'Ecuador: Events of 2016', <https://www.hrw.org/world-report/2017/country-chapters/ecuador>

<sup>113</sup> 'Odebrecht scandal: Ecuador's vice-president given six years' jail', 14 December 2017, <https://www.theguardian.com/world/2017/dec/14/odebrecht-scandal-ecuador-vice-president-given-six-years-jail>

<sup>114</sup> Patrick Clark, 'Can the State Foster Food Sovereignty? Insights from the Case of Ecuador', *Journal of Agrarian Change*, 2016, p.201, <http://onlinelibrary.wiley.com/doi/10.1111/joac.12094/pdf>

# CUBA

## Improvements in well-being

Cuba is often depicted as a failed state and impoverished island; in fact, it is one of the developing world's major success stories, whose achievements in the areas of health, education and agriculture can only be described as stunning, especially in light of the US embargo placed on Cuba for decades which has cut the country off from much of the outside world.<sup>115</sup> Cuba has achieved its successes by promoting policies which are the antithesis of neo-liberalism.

Cuba ranks in the 'high human development' category on the 2016 Human Development Index.<sup>116</sup> It has achieved near-universal literacy while average life expectancy at birth for Cubans is 79.6 years, one of the highest in the world and higher than the United States - a major achievement considering that the average income per capita is \$7,455 - seven times less than in the US.<sup>117</sup> Cuba's other health indicators are also impressive:

- Its under-five mortality is 5.5 per 1,000 births, which is lower than the US or New Zealand and compares to a rate of 17.8 for Latin America/Caribbean as a whole.<sup>118</sup>
- Its maternal mortality rate is 39 per 100,000 live births, which is much higher than in OECD countries but compares to an average of 67 in Latin America/Caribbean (and 551 in sub-Saharan Africa).<sup>119</sup>

After the 1959 revolution that overthrew the dictatorship under Batista, Castro's regime promoted a centrally-planned model in which the state controlled the economy and society's cultural institutions and most workers were employed by the state, with the private sector shunned. Some 74% of Cubans are still employed in the public sector, working for state-owned enterprises.<sup>120</sup> In more recent years, however, Cuba has transitioned to a model which encourages worker and agricultural cooperatives, as an alternative both to full state control or privatising

---

<sup>115</sup> Despite the embargo, Cuba does conduct some trade with the US, amounting to around \$300 million in 2014. The exports are permitted under a 2000 law that modified, but did not repeal, the US embargo, whereby Cuba can buy certain agricultural products and medicines. Drew DeSilver, 'What we know about Cuba's economy', 28 May 2015, <http://www.pewresearch.org/fact-tank/2015/05/28/what-we-know-about-cubas-economy/>

<sup>116</sup> UNDP, *Human Development Report 2016*, p.198, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>117</sup> Measured in \$PPP. UNDP, *Human Development Report 2016*, p.198, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>118</sup> UNDP, *Human Development Report 2016*, pp. 227, 229, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>119</sup> UNDP, *Human Development Report 2016*, pp. 215, 217, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>120</sup> Drew DeSilver, 'What we know about Cuba's economy', 28 May 2015, <http://www.pewresearch.org/fact-tank/2015/05/28/what-we-know-about-cubas-economy/>

the economy. It is a model which, despite deficiencies, continues to serve Cubans well. Although incomes are very low by international standards, the state provides a basic food basket, free education and healthcare and caps housing rents at a small proportion of a tenant's income.<sup>121</sup> Despite centralised political control (see more below) women's participation and political inclusion are high by international standards.<sup>122</sup>

## How has Cuba achieved success?

Cuba's successes can be explained by at least three major factors.

### Political leadership

Cuba's nationalist revolutionary leaders, who took power following a sustained popular uprising, were determined to raise the living standards of the poorest, especially through transforming health and education policies. Before the 1959 revolution, for example, half of Cuba's children did not attend school. The literacy campaign begun by Castro in 1961 led, in 1970, to Unesco declaring Cuba the country with the highest primary and secondary school enrolment in Latin America.<sup>123</sup> By 2011 Cuba's literacy programme was being implemented in 28 other Latin American and African states.<sup>124</sup> The development gains in the area of education, combined especially with those in health, have continued to this day. Cuba's political leadership, heavily criticised for being communist, has largely sustained its commitment to improving the lives of ordinary Cubans.

### Investments in health and education

Cuban successes in improving well-being are also explained by its leadership's commitment to, and spending on, health and education services. UN figures are that Cuba has 67 doctors per 10,000 people (or, one doctor for every 149 people) - a figure higher than in any OECD country; by comparison the UK has a one doctor for every 357 people.<sup>125</sup> The Cuban government spends 10.6% of its GDP on health, the third highest proportion in the world and nearly three times greater than the

---

<sup>121</sup> Helen Yaffe, 'Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?', 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>

<sup>122</sup> Helen Yaffe, 'Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?', 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>

<sup>123</sup> Jonathan Glennie, 'Cuba: A development model that proved the doubters wrong', 5 August 2011, <https://www.theguardian.com/global-development/poverty-matters/2011/aug/05/cuban-development-model>

<sup>124</sup> Stephen McCloskey, 'Cuba's model of development: Lessons for global education', Autumn 2011, <https://www.developmenteeducationreview.com/issue/issue-13/cubas-model-development-lessons-global-education>; Clive Kronenberg, 'Why Cuba Is An Education Success Story And What It Can Teach Africa', 26 November 2016, [http://www.huffingtonpost.co.za/2016/11/26/why-cuba-is-an-education-success-story-and-what-it-can-teach-afr\\_a\\_21614557/](http://www.huffingtonpost.co.za/2016/11/26/why-cuba-is-an-education-success-story-and-what-it-can-teach-afr_a_21614557/)

<sup>125</sup> UNDP, *Human Development Report 2016*, pp. 227, 229, [http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

average in Latin America/Caribbean.<sup>126</sup> The commitment to education has been similar: the country spends 12.8% of its GDP on education, the largest proportion in the world.<sup>127</sup> UN figures are that Cuba has a teacher for every 9 pupils at primary level, the second lowest pupil/teacher ratio in the world (after Luxembourg).<sup>128</sup>

### **Cuba's health system**

The Cuban health system is recognised worldwide for its excellence and efficiency and, despite extremely limited resources and the impact of economic sanctions, for providing good quality care to all of its population, obtaining results similar to those of the most developed nations.<sup>129</sup>

The system owes its success to a number of factors in addition to the sheer scale of investments. One is that it is entirely free.<sup>130</sup> Another is the strong focus on preventive medicine and community-oriented primary care. The majority of care is provided by neighbourhood clinics, called *consultorios*, in which doctors organise medical records around families, putting greater emphasis on communities rather than viewing each patient as an isolated individual.<sup>131</sup> Thus all care delivery is organised at the local level, and the patients and their caregivers generally live in the same community.<sup>132</sup> Cuba also embraces the widespread use of complementary and alternative medicines, such as acupuncture, massage and heat therapy, which are integrated into the medical curriculum in Cuba: another response to the US embargo which restricted the import of medicines.<sup>133</sup>

The World Health Organisation declared Cuba the first country to have eliminated the transmission of HIV from mother-to-child, a landmark in the response to HIV globally. The UN Development Programme notes:

---

<sup>126</sup> UNDP, *Human Development Report 2016*, pp. 227, 229,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>127</sup> UNDP, *Human Development Report 2016*, pp. 231, 233,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>128</sup> UNDP, *Human Development Report 2016*, pp. 231, 233,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>129</sup> Salim Lamrani, 'Cuba's Health Care System: a Model for the World', 8 October 2014,

[http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system-\\_b\\_5649968.html](http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system-_b_5649968.html)

<sup>130</sup> Edward Campion and Stephen Morrissey, 'A Different Model — Medical Care in Cuba', *New England Journal of Medicine*, January 2013,

<http://www.nejm.org/doi/full/10.1056/NEJMp1215226#t=article>

<sup>131</sup> Margaret Badore, 'What we can learn from Cuba's health care system', 27 June 2013,

<https://www.mnn.com/health/fitness-well-being/stories/what-we-can-learn-from-cubas-health-care-system>

<sup>132</sup> Edward Campion and Stephen Morrissey, 'A Different Model — Medical Care in Cuba', *New England Journal of Medicine*, January 2013,

<http://www.nejm.org/doi/full/10.1056/NEJMp1215226#t=article>; Kate Robertshaw and Anthony Weldon, 'Paediatrics and child health care in Cuba', *Journal of Paediatrics and Child Care*, April 2013, <http://onlinelibrary.wiley.com/doi/10.1111/jpc.12181/full>

<sup>133</sup> Margaret Badore, 'What we can learn from Cuba's health care system', 27 June 2013,

<https://www.mnn.com/health/fitness-well-being/stories/what-we-can-learn-from-cubas-health-care-system>

'Cuba's comprehensive health system is available for all citizens equally, and is effective in integrating the health care of mothers and children with the health management of HIV and other sexually transmitted diseases. Because of this integration, Cuba has been able to offer early access to prenatal care, testing for both pregnant women and their partners and treating women and their babies when they test positive. These interventions are vital to preventing the transmission from mother to child. Because of Cuba's comprehensive prevention programme, by 2013 only two babies were born with HIV'.<sup>134</sup>

It is not just Cubans who have benefited from the country's health investments. Tens of thousands of Cuban doctors, educators and other development aid workers have served around the world: currently, some 37,000 Cuban doctors and nurses work in 77 countries. They generate foreign exchange of some \$8 billion a year – Cuba's biggest export.<sup>135</sup>

Cuba also provides free medical treatment and free medical training to thousands of foreigners every year through the Latin American School of Medicine in Havana. In the mid-1980s Cuba developed the world's first Meningitis B vaccine and today leads in oncology drugs, and patented in 2012 the world's first therapeutic cancer vaccine.<sup>136</sup>

The Cuban health system is far from perfect. Some reports suggest that the state reserves the best hospitals and doctors for the national elite and foreigners, while ordinary Cubans sometimes have to turn to the black market or ask expatriate friends or family for medicine.<sup>137</sup> Physicians get government benefits such as housing and food subsidies, but they are paid only about \$20 per month.<sup>138</sup> Nevertheless, the system overall is highly impressive and provides huge benefits to ordinary Cubans. A recent analysis in the *Journal of Paediatrics and Child Care* concludes: 'The Cuban model has much to teach us on how to improve health with a limited budget'.<sup>139</sup>

---

<sup>134</sup> 'Elimination of mother-to-child transmission of HIV', <http://www.undp-globalfund-capacitydevelopment.org/en/our-results/latin-america-the-caribbean/cuba/>

<sup>135</sup> Helen Yaffe, 'Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?', 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>

<sup>136</sup> Helen Yaffe, 'Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?', 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>; Salim Lamrani, 'Cuba's Health Care System: a Model for the World', 8 October 2014, [http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system-b\\_5649968.html](http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system-b_5649968.html); Álvaro Fuente, 'How does Cuba manage to achieve first-world health statistics?', 10 February 2017, [https://elpais.com/elpais/2017/02/10/inenglish/1486729823\\_171276.html](https://elpais.com/elpais/2017/02/10/inenglish/1486729823_171276.html)

<sup>137</sup> Álvaro Fuente, 'How does Cuba manage to achieve first-world health statistics?', 10 February 2017, [https://elpais.com/elpais/2017/02/10/inenglish/1486729823\\_171276.html](https://elpais.com/elpais/2017/02/10/inenglish/1486729823_171276.html)

<sup>138</sup> Edward Champion and Stephen Morrissey, 'A Different Model — Medical Care in Cuba', *New England Journal of Medicine*, January 2013, <http://www.nejm.org/doi/full/10.1056/NEJMp1215226#t=article>

<sup>139</sup> Kate Robertshaw and Anthony Weldon, 'Paediatrics and child health care in Cuba', *Journal of Paediatrics and Child Care*, April 2013, <http://onlinelibrary.wiley.com/doi/10.1111/jpc.12181/full>

## Openness to innovation, especially in medicines and farming

The US embargo and then the collapse of the Soviet Union – on which Cuba depended for trade and aid - forced Cuba to adopt a range of innovative measures to survive. Since the US embargo prohibited even trade in medicines, Cuba prioritised its own investments in medical sciences. It now has a world-rated biotechnology sector which markets pharmaceutical products and vaccines in 40 countries and produces over 70% of the medicines consumed by Cubans.<sup>140</sup> Dr Helen Yaffe of the London School of Economics notes:

‘The entire industry is state owned, research programmes respond to the needs of the population, and all surpluses are reinvested into the sector. Without state planning and investment it is unlikely that this could have been achieved in a poor country’.<sup>141</sup>

Cuba is also promoting farming strategies going against neo-liberal practices emphasising industrial farming methods like relying on large farms and imports of chemical fertiliser and pesticide. The collapse of the Soviet Union in the late 1980s cut off chemical and other agro-industrial inputs to Cuba’s farming sector. In response to this crisis the Cuban government launched a national effort to make the transition from high input agriculture to low input, self-reliant farming practices on an unprecedented scale. The state hurriedly replaced chemical inputs with locally produced substitutes, in most cases biological. This involved a range of sustainable agriculture (agro-ecological) practices such as the use of biopesticides and natural enemies to combat insect pests, resistant plant varieties, crop rotations, and cover cropping to suppress weeds. Synthetic fertilizers have been replaced by biofertilisers, earthworms, compost, and other organic fertilisers. In place of tractors, for which fuel, tyres, and spare parts were largely unavailable, there has been a return to animal traction.<sup>142</sup> Although government educational programmes endorsed sustainable farming methods, farmers also used traditional knowledge derived from elders or their childhood memories.<sup>143</sup>

The result has been that, while per capita food production has grown significantly, around a quarter of Cuba’s farmers have succeeded in supplying some 65% of

---

<sup>140</sup> Helen Yaffe, ‘Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?’, 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>; Rob Wright, ‘Will Cuba Be The World's Next Leading Biotech Hub?’, 17 October 2016

<https://www.lifescienceleader.com/doc/will-cuba-be-the-world-s-next-leading-biotech-hub-0001>

<sup>141</sup> Helen Yaffe, ‘Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?’, 2 December 2016, <http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>

<sup>142</sup> Peter M. Rosset, ‘Cuba: A Successful Case Study of Sustainable Agriculture’, 2000, [https://www.iatp.org/files/Cuba\\_A\\_Successful\\_Case\\_Study\\_of\\_Sustainable\\_Ag.htm](https://www.iatp.org/files/Cuba_A_Successful_Case_Study_of_Sustainable_Ag.htm); Friedrich Leitgeb et al, ‘Farmers' experiments in Cuba’, *Journal of Renewable Agriculture and Food Systems*, March 2014, <https://www.cambridge.org/core/journals/renewable-agriculture-and-food-systems/article/farmers-experiments-in-cuba/AAA3A4B8A1DDA841EC414120B6D0BE7B>

<sup>143</sup> Deborah Iozzi, ‘Cuba, a Model of Sustainable Agriculture Towards Global Food Security’, 12 December 2016, <http://www.coha.org/cuba-a-model-of-sustainable-agriculture-towards-global-food-security/>

national agricultural output using agro-ecological practices.<sup>144</sup> The prioritisation of agro-ecology has rendered Cuba a world leader and model for other countries to follow in reducing their dependency on expensive imported inputs and curbing their climate footprints. In 2016, the World Wildlife Fund (WWF) named Cuba the most sustainable country on the planet.<sup>145</sup>

Cuba's centrally planned model promoted in the early decades after the revolution has been moderated to convert many state-owned small and medium businesses into genuine worker or agricultural cooperatives. In agriculture, for example, a 1993 decree terminated the existence of state farms, turning them into Basic Units of Cooperative Production (UBPCs), a form of worker-owned enterprise or cooperative. Some 80% of all farmland that was once held by the state, including sugarcane plantations, has now essentially been turned over to workers.<sup>146</sup> Grassroots organisations representing small-scale farmers, animal producers, and agricultural and forest technicians, have been critical in forming these cooperatives and spreading services and agricultural education in Cuba.<sup>147</sup>

## Challenges

Cuba's centrally-planned economic model has provided enough for people to get by, and have good social services, but has stifled entrepreneurialism which could raise living standards further. It has not created enough wealth to address the country's crumbling infrastructure.

The Cuban system has placed more emphasis on social/economic rights than on political rights. Human Rights Watch notes that the Cuban government continues to repress dissent and deter public criticism, which includes short-term arbitrary arrests of human rights defenders and independent journalists.<sup>148</sup> Political repression in Cuba is consistently publicised by the US and the world's media. While this is real and unacceptable, Cuba has received disproportionate international coverage; many pro-Western regimes have far worse human rights records than Cuba, with an absence of anything Cuba's developmental record.

---

<sup>144</sup> Ming Chun Tang, 'Could US Trade Threaten Sustainable Agriculture in Cuba?', 26 April 2016, <http://cepr.net/blogs/the-americas-blog/could-us-trade-threaten-sustainable-agriculture-in-cuba>; Miguel Altieri, 'Cuba's sustainable agriculture at risk in US diplomatic thaw', 1 April 2016, [http://www.theecologist.org/News/news\\_analysis/2987490/cubas\\_sustainable\\_agriculture\\_at\\_risk\\_in\\_us\\_diplomatic\\_thaw.html](http://www.theecologist.org/News/news_analysis/2987490/cubas_sustainable_agriculture_at_risk_in_us_diplomatic_thaw.html)

<sup>145</sup> Deborah Iozzi, 'Cuba, a Model of Sustainable Agriculture Towards Global Food Security', 12 December 2016, <http://www.coha.org/cuba-a-model-of-sustainable-agriculture-towards-global-food-security/>

<sup>146</sup> Peter M. Rosset, 'Cuba: A Successful Case Study of Sustainable Agriculture', 2000, [https://www.iatp.org/files/Cuba\\_A\\_Successful\\_Case\\_Study\\_of\\_Sustainable\\_Ag.htm](https://www.iatp.org/files/Cuba_A_Successful_Case_Study_of_Sustainable_Ag.htm)

<sup>147</sup> 'Four important lessons from Cuba's urban food survival strategy', 25 July 2016, <http://blogs.worldwatch.org/four-lessons-cuba-food/>; Jonathan Wolfe, 'Cuban cooperatives present a new economic model', 25 February 2015, <https://www.pri.org/stories/2015-02-25/cuban-cooperatives-present-new-economic-model>

<sup>148</sup> 'Cuba', <https://www.hrw.org/americas/cuba>. See also 'Cuba: Fidel Castro's Record of Repression', 26 November 2016, <https://www.hrw.org/news/2016/11/26/cuba-fidel-castros-record-repression>

## THE NORDIC MODEL AND NORWAY

The so-called 'Nordic model' has delivered massive benefits for the citizens of the Nordic countries - Denmark, Finland, Iceland, Norway and Sweden. They figure highly in most international surveys of well-being and economic and social development. When asked for their perceptions of their standard of living and quality of health care and education, the populations of the Nordic countries all tend to be among the most satisfied in the world.<sup>149</sup> Norway, in particular, is often ranked first in many such surveys, such as on the UNDP's Human Development Index.<sup>150</sup>

The Nordic countries are among those with the highest life expectancy rates, the lowest infant mortality rates and the lowest maternal mortality rates (ie, deaths per live births) in the world.<sup>151</sup> Much of this is due to significant state spending on public services: the five Nordics spend an average of 8.4% of their GDPs on health, and 7.6% on education, some of the highest proportions in the world.<sup>152</sup> Their education spending is especially high, and compares to US spending of 5.2% of GDP, and UK spending of 5.7%.

The Nordic model (which clearly varies from country to country and is not uniform) is neither socialist nor neo-liberal but somewhere in-between. Although its economic policies are, to varying degrees, market-friendly, the very strong role for state intervention and redistribution makes the model fundamentally different to neo-liberalism. Its principal features include<sup>153</sup>:

- a comprehensive welfare state with an emphasis on transfers to households and publicly provided social services financed by taxes, which are high notably for wage income and consumption;
- high public and/or private spending on investment in human capital, including child care and education as well as research and development (R&D); and
- a set of labour market institutions that include strong labour unions and employer associations, significant elements of wage coordination, relatively generous unemployment benefits and a prominent role for active labour market policies.

A recent analysis concludes:

---

<sup>149</sup> See Table 14, UNDP, *Human Development Report 2016*, p.250,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>150</sup> UNDP, *Human Development Report 2016*, p.198,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>151</sup> UNDP, *Human Development Report 2016*, p.214, 198, 226,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>152</sup> Figures for 2014. UNDP, *Human Development Report 2016*, p.226, 230,

[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

<sup>153</sup> Torben M. Andersen et al, *The Nordic Model: Embracing globalization and sharing risks*, 2007, p.13,

<http://economics.mit.edu/files/5726>



‘The Nordic model can be regarded as a way of generating political support for growth-enhancing technical change, free trade and open markets by creating a number of systems through which the winners from structural transformation at least to some extent compensate the losers. Solidaristic wage setting, active labour market policies, redistribution of income via tax-transfer schemes, comprehensive and generous unemployment insurance schemes and other elements of social protection can all be regarded as ingredients in such compensation mechanisms’.<sup>154</sup>

The Nordic model has generally combined strong social welfare programmes with economic dynamism and market-friendly policies. Nordic businesses compete in the global economy, including importing, exporting, and outsourcing, but they are discouraged, through laws and social contracts, from cutting wages as part of their competitive strategy. Experience with the Nordic model contests the view that high taxes and regulation stifle business and entrepreneurship. Productivity rates are considerably higher in Nordic countries than in most other countries, even with a shorter working week.<sup>155</sup>

Norway, especially, is regularly seen as a model in managing natural resources; its oil resources, the principal source of wealth, have contributed massively to Norwegians’ welfare and the country has, unlike many in the developing world, avoided the ‘resource curse’. Analyses suggest several reasons for this. First, Norway has had a history of managing natural resources to integrate these activities into the rest of the economy through various backward and forward linkages; the oil sector has not been allowed to develop as an enclave, disconnected from the broader economy. Second, Norway has promoted the policy that it is the central government (and not private corporations, for example) that should be the major beneficiary of oil revenues. Third, Norway has created a petroleum fund, into which oil revenues are paid, which is managed transparently, is managed in such a way as to prevent financial volatility in the wider economy and which ‘saves’ money for Norway’s future.<sup>156</sup>

Norway defies the neo-liberal model in the role in which the state plays in dozens of companies, in promoting state-owned enterprises which neo-liberals regard as inefficient. Some 11 government ministries manage percentage stakes in 70 companies, including many of Norway’s largest, such as oil producer, Statoil, telecoms company Telenor, and fertiliser producer, Yara International. In 2015, the state’s assets in these companies were worth NOK 644 billion (\$77 billion).<sup>157</sup> The Norwegian government states that ‘perhaps the state’s most important task as an

---

<sup>154</sup> Torben M. Andersen et al, *The Nordic Model: Embracing globalization and sharing risks*, 2007, p.18, <http://economics.mit.edu/files/5726>

<sup>155</sup> Chuck Collins, ‘We Should Take a Lesson from the Nordic Countries on Inequality’, 18 July 2016, <http://www.ips-dc.org/take-lesson-nordic-countries-inequality/>

<sup>156</sup> Ådne Cappelen and Lars Mjøset, ‘Can Norway Be a Role Model for Natural Resource Abundant Countries?’, UNU-WIDER, *Research Paper*, April 2009 <https://www.econstor.eu/bitstream/10419/45096/1/601783018.pdf>

<sup>157</sup> Norwegian Ministry of Trade, Industry and Fisheries, *The State Ownership Report 2015*, p.3, <https://www.regjeringen.no/contentassets/b7e367d388ba41dd839f34d64c0e4cc1/the-state-ownership-report-2015.pdf>

owner is to promote good and competent boards that exercise their influence in the best interest of companies and owners. The state as an owner sets clear expectations to the board through the white paper on ownership policy'.<sup>158</sup>

The Nordic model is certainly far from perfect: while inequality arising from income (earnings from work) is lower than in other countries, inequality arising from wealth (income from capital) is larger, according to some analysis.<sup>159</sup> There are also deep questions about the model's financial sustainability in an increasingly globalised world. In recent years, the Nordic countries have gradually been reforming their social systems. Taxes have sometimes been cut to stimulate work, public benefits have been limited in order to reduce welfare dependency, pension savings have been partially privatised, for-profit forces have been allowed in some parts of the welfare system, and some state monopolies have been opened up to the market.<sup>160</sup>

---

<sup>158</sup> Norwegian Ministry of Trade, Industry and Fisheries, *The State Ownership Report 2015*, p.3, <https://www.regjeringen.no/contentassets/b7e367d388ba41dd839f34d64c0e4cc1/the-state-ownership-report-2015.pdf>

<sup>159</sup> Martin Sandbu, 'Nordic model myths beloved by left and right', 1 December 2016, <https://www.ft.com/content/36a7ba7a-a05f-11e6-891e-abe238dee8e2?mhq5j=e1>

<sup>160</sup> Nima Sanandaji, 'The Nordic Democratic-Socialist Myth', 26 July 2016, <http://www.nationalreview.com/article/438331/nordic-democratic-socialist-model-exposing-lefts-myth>

# DOES NEOLIBERALISM EXPLAIN OTHER COUNTRY SUCCESSES?

Two countries regularly upheld as development success stories are Chile and Botswana. To what extent do these countries owe their success (to the extent that they have succeeded) to neoliberal policies?

## Chile

Chile after 1973 is the most upheld example of a neoliberal success story. Yet the evidence suggests that, although liberalisation and market reforms did bring about some reductions in poverty and significant growth in the economy, this was accompanied by major increases in inequality, ongoing dependence on copper exports and high unemployment. Moreover, while Chile has maintained a largely free market model, its successes (and failures) are not only explained by liberalisation policies but also owe much to a mixed model, including state intervention in the economy.

### Chile's economic strategies

In 1975 the military regime under General Pinochet, which had seized power in 1973 overthrowing a democratically-elected government, launched a radical macro-economic programme including cuts in the government budget, liberalisation of most previously controlled prices, privatisation of nationalised companies and liberalisation of the exchange rate. This was followed in 1981 by liberalisation of health and education services allowing new profit-led private schools and universities to freely compete for public subsidies for operation and infrastructure; this led to over half of primary and secondary students attending private schools.<sup>161</sup>

But the results of this neoliberal reform were far from favourable and the Chilean economy was pushed to an acute crisis in 1982-83 with huge economic and social impacts: GDP fell by 14%, unemployment exceeded 30% and poverty levels increased.<sup>162</sup> The second stage of the dictatorship after 1982 involved a series of foreign debt renegotiations and policy interventions aimed to balance the external deficit: such as trade tariff increases, selective export incentives and the direct take-over by the government of the collapsed financial system, which was later privatised again when their balance sheets were in order thanks to heavy public subsidies to banks and debtors costing the Treasury some 35% of annual

<sup>161</sup> Martin Calvet and Vanesa Brito, 'Neoliberal Shock, Infrastructure Disruption, and Restructuring in Chile', *Critical Planning*, 2015, pp.18-19, <http://escholarship.org/uc/item/2b572861#page-2>

<sup>162</sup> Ricardo Ffrench-Davis, 'Is Chile a Model for Economic Development?', 2014, pp.1-2, <http://www.econ.uchile.cl/uploads/publicacion/0d9ccd29e11600a73a71d53f90ebbae67e2bde70.pdf>

GDP. At the end of this period, the economy had recovered, while income distribution had worsened even further than in the 1970s.<sup>163</sup>

After 1990, when a democratic government took power, Chile maintained the free market model but introduced social policies such as labour and tax reforms which attempted to achieve 'growth with equity' and build a social market economy. In practice, this tempered neoliberalism and was partly geared to protecting vulnerable groups while investing in institutions that would help compensate for market deficiencies.<sup>164</sup>

Poverty fell in Chile from 45% in 1985 to 13.7% in 2006.<sup>165</sup> Thus most of the reduction in poverty took place in the late 1980s onwards, well after the country's experiment with 'pure neoliberalism' following the 1973 coup.<sup>166</sup> At the same time, inequality increased. By the early 2000s, the richest 20% of Chileans received 17 times more income than the poorest 20%.<sup>167</sup> A report for the UN University on Chile's economic development notes that its 'free market revolution' which has been portrayed as the development model to follow for emerging economies has been 'accompanied by the concentration of income and wealth in the hands of powerful and politically influential economic elites'.<sup>168</sup> The same author notes:

'The Chilean development story of the last two to three decades is a mix of successes in the macro, growth, poverty and trade fronts but also of failure in reducing chronic inequality of income and wealth. In addition, the current growth patterns have serious impacts on the environment, natural resources and energy demand. Adverse features of the Chilean development model include urban insecurity and rising crime, pollution, pressure on natural resources, congestion and social stratification in access to education, health and pensions'.<sup>169</sup>

---

<sup>163</sup> Ricardo Ffrench-Davis, 'Is Chile a Model for Economic Development?', 2014, pp.1-2, <http://www.econ.uchile.cl/uploads/publicacion/0d9ccd29e11600a73a71d53f90ebbae67e2bde70.pdf>; Juan Carlos Moreno Brid and René A. Hernández, 'Chile: The Lonely Success Story', <http://revista.drclas.harvard.edu/book/chile-lonely-success-story>

<sup>164</sup> Tomás Undurraga, 'Neoliberalism in Argentina and Chile: Common antecedents, divergent paths', *Rev. Sociol. Polit.*, Sept. 2015, [http://www.scielo.br/scielo.php?script=sci\\_arttext&pid=S0104-44782015000300011](http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0104-44782015000300011)

<sup>165</sup> J-P Unger et al, 'Chile's Neoliberal Health Reform: An Assessment and a Critique', *PLoS Med*, 2008, <https://doi.org/10.1371/journal.pmed.0050079>; Juan Carlos Moreno Brid and René A. Hernández, 'Chile: The Lonely Success Story', <http://revista.drclas.harvard.edu/book/chile-lonely-success-story>

<sup>166</sup> Andres Solimano, 'Three Decades of Neoliberal Economics in Chile Achievements, Failures and Dilemmas', *Research Paper*, UNU-WIDER, 2009, p.9, <https://www.wider.unu.edu/publication/three-decades-neoliberal-economics-chile>

<sup>167</sup> Before 1970, Chile's GINI index (a measure of income inequality on a scale of 0 to 100, where 0 is complete income equality and 100 is complete inequality) was under 45; in the 1980s, it jumped to 65. In 2003 it was 57.5. J-P Unger et al, 'Chile's Neoliberal Health Reform: An Assessment and a Critique', *PLoS Med*, 2008, <https://doi.org/10.1371/journal.pmed.0050079>

<sup>168</sup> Andrés Solimano, 'The Chilean Development Model and the Limits of Neoliberal Economics', May 2012, <https://www.wider.unu.edu/publication/chilean-development-model-and-limits-neoliberal-economics>

<sup>169</sup> Andres Solimano, 'Three Decades of Neoliberal Economics in Chile Achievements, Failures and Dilemmas', *Research Paper*, UNU-WIDER, 2009, <https://www.wider.unu.edu/publication/three-decades-neoliberal-economics-chile>

Chile's health system underwent a drastic neoliberal reform in the 1980s, with the creation of a dual system - public and private health insurance and public and private provision of health services – which provided a model for later World Bank-inspired reforms in other countries. An academic study of the reform concludes that the private part of the Chilean health system, including private insurers and private providers, is:

'highly inefficient and has decreased solidarity between rich and poor, sick and healthy, and young and old. In spite of serious underfinancing during the Pinochet years, the public health component remains the backbone of the system and is responsible for the good health status of the Chilean population. The Chilean health reform has lessons for other countries in Latin America and elsewhere: privatisation of health insurance services may not have the expected results according to neoliberal doctrine. On the contrary, it may increase unfairness in financing and inequitable access to quality care'.<sup>170</sup>

But Chile has not promoted only neoliberal policies. James Cypher, of California State University, notes that 'Chile's economic performance has been mixed, and its successes owe more to state intervention than to the invisible hand of the free market'. He adds: 'it would be hard to find any major sector of the economy that did not owe much of its existence to state intervention—intervention which continued in a variety of forms under the nominally neoliberal Pinochet dictatorship'.<sup>171</sup>

Cypher notes that Chile's export boom undeniably fuelled the country's economic growth in the late 1980s and 1990s when per capita income grew by 88%. But he states that the increase in resource-based exports owes much to policies of the state: most of the strategies - such as new product development, risk capital, technical training/advising, marketing, quality control - were products of state intervention.<sup>172</sup> It is also significant that, notwithstanding Chile's commitment to privatisation, the *Corporación Nacional del Cobre de Chile* (CODELCO), the world's leading copper producer, is still state-owned and is a considerable source of public revenues.<sup>173</sup>

## Botswana

Botswana is usually regarded as mainland Africa's biggest development success, owing to its political stability and absence of conflict, high economic growth, rising incomes and prudent management of the country's key nature resource - diamonds. Botswana does stand out in sub-Saharan Africa but it is only a partial success: around a fifth of the population lives in poverty, there is a high level of inequality

---

<sup>170</sup> J-P Unger et al, 'Chile's Neoliberal Health Reform: An Assessment and a Critique', *PLoS Med*, 2008, <https://doi.org/10.1371/journal.pmed.0050079>

<sup>171</sup> James Cypher, 'Is Chile a Neoliberal Success?', September/October 2004, <http://dollarsandsense.org/archives/2004/0904cypher.html>

<sup>172</sup> James Cypher, 'Is Chile a Neoliberal Success?', September/October 2004, <http://dollarsandsense.org/archives/2004/0904cypher.html>

<sup>173</sup> Juan Carlos Moreno Brid and René A. Hernández, 'Chile: The Lonely Success Story', <http://revista.drclas.harvard.edu/book/chile-lonely-success-story>

and the country is still dependent on diamonds. Most importantly for this study, Botswana successes cannot be explained by neoliberalism, or in fact by alternatives to neoliberalism. Botswana's limited success is mainly due to the quality of its state institutions and how well these have managed economic policy.

Botswanans have seen their fortune change in the last few decades:

- They had an average income of just \$70 a year at independence in 1966. Forty years later this had risen to about \$6,100 (\$12,000 at purchasing power parity), making Botswana an upper-middle-income country comparable to Chile or Argentina.<sup>174</sup>
- Poverty rates declined from 50% at independence to just over 19% today.<sup>175</sup>
- At independence, life expectancy at birth was just 37 years. By 1990 it was 60, 10 years above the African average. Under-five mortality had fallen to about 45 per 1,000 live births in 1990, compared with 180 for Africa as a whole.<sup>176</sup>

From 1966 to 2014, Botswana was the third fastest growing economy in the world - by per capita GDP - after China and South Korea.<sup>177</sup> The government's education expenditure has also been among the highest in the world, at around 9% of GDP, and includes the provision of nearly universal and free primary education.<sup>178</sup> Botswana has achieved an adult literacy rate of 85%, and nearly 90% of children are enrolled in primary school.<sup>179</sup>

But Botswana's success cannot be explained by either neoliberalism or non-neoliberalism. In its critical sector – mining - it has pursued a middle way. Instead of nationalising the fledgling diamond industry in the 1960s or handing it over completely to the key diamonds producer, De Beers, the government established a public-private partnership with the company. The government gets a large cut of the profits as well as a decision-making role on the corporation's board.<sup>180</sup> Botswana has not suffered from the resource curse that many other African countries have, one key reason being government investment in public goods and infrastructure.<sup>181</sup>

---

<sup>174</sup> Michael Lewin, 'Botswana's Success: Good Governance, Good Policies, and Good Luck', p.81, <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>. During 1970-2010 average annual income for Botswana citizens has been increasing annually by 6.3 percent, compared to high-income countries averaging annual growth of approximately 1.8 percent for the same 40-year period. Nake M. Kamrany and Jennifer Gray, 'Botswana: An African Model for Progress and Prosperity', undated, [http://www.huffingtonpost.com/nake-m-kamrany/botswana-economic-growth\\_b\\_2069226.html](http://www.huffingtonpost.com/nake-m-kamrany/botswana-economic-growth_b_2069226.html)

<sup>175</sup> 'Overview', <http://www.worldbank.org/en/country/botswana/overview>

<sup>176</sup> Michael Lewin, 'Botswana's Success: Good Governance, Good Policies, and Good Luck', p.81, <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>

<sup>177</sup> John Feffer, 'Africa's Success Story', 13 January 2016, <http://fpif.org/africas-success-story/>

<sup>178</sup> 'Overview', <http://www.worldbank.org/en/country/botswana/overview>

<sup>179</sup> John Feffer, 'Africa's Success Story', 13 January 2016, <http://fpif.org/africas-success-story/>

<sup>180</sup> John Feffer, 'Africa's Success Story', 13 January 2016, <http://fpif.org/africas-success-story/>

<sup>181</sup> Michael Lewin, 'Botswana's Success: Good Governance, Good Policies, and Good Luck', p.84, <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>

An analysis for the World Bank concludes: ‘the key to successfully harnessing natural resources lay in good governance and good policies.’<sup>182</sup>

A report for the African Development Bank notes that Botswana’s success story demonstrates that four aspects of governance are particularly important for natural resource management: giving voice and accountability to stakeholders and citizens; ensuring the effectiveness of government policies’ promoting market friendly regulation; and having anticorruption policies.<sup>183</sup>

More broadly, most analyses highlight the importance of Botswana’s state institutions and good governance<sup>184</sup> and its ‘prudent economic management’<sup>185</sup>. A report for the UN University concludes that

‘the economic success of Botswana can be explained by the historical development of its institutions which is related to the trajectory of the Tswana states over the past 200 years. These institutions created a much more stable and accountable government than elsewhere in Africa after independence with the desire and incentive to adopt good economic policies’.<sup>186</sup>

Some analysts also put down success to Botswana’s good political leadership, which, since independence, has designed and fostered the conditions of governance that have ensured stability and social and economic progress:

‘The government established respect for property rights and the rule of law. It maintained a high degree of transparency, which was reinforced by continuing the Tswana tribal tradition of consultation. These consultative institutions, known as *kgotla*, created a degree of trust in the government—the sense that government exists to serve the people and promote development and is not the instrument of one group or individuals for the purpose of getting hold of the wealth. Tswana tradition also respected private property; the fact that many of the tribal leaders who helped usher in

---

<sup>182</sup> Michael Lewin, ‘Botswana’s Success: Good Governance, Good Policies, and Good Luck’, p.88, <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>

<sup>183</sup> Paula Ximena Mejia & Vincent Castel, ‘Could Oil Shine like Diamonds? How Botswana Avoided the Resource Curse and its Implications for a New Libya’, 2012, p.12, <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Could%20Oil%20Shine%20like%20Diamonds%20-%20How%20Botswana%20Avoided%20the%20Resource%20Curse%20and%20its%20Implications%20for%20a%20New%20Libya.pdf>

<sup>184</sup> For example: David Sebudubudu and Keneilwe Mooketsane, ‘What Has Made Political Institutions in Botswana and Mauritius Tick?’, Taiwan Journal of Democracy, 2016, <http://www.tfd.org.tw/export/sites/tfd/files/publication/journal/145-168-What-Has-Made-Political-Institutions-in-Botswana-and.pdf>

<sup>185</sup> For example: Muleta Yirga Shumuye, ‘The Success Stories of Developmental State Paradigm from Botswana and Mauritius: Lessons for the Contemporary African Countries’, *Journal of Economics and Sustainable Development*, 2015, <http://www.iiste.org/Journals/index.php/JEDS/article/viewFile/26577/27225>

<sup>186</sup> James Robinson, ‘Botswana as a Role Model for Country Success’, *Research Paper*, UNU-WIDER, 2009, <https://www.wider.unu.edu/publication/botswana-role-model-country-success>

modern government were also large cattle owners may have reinforced this respect'<sup>187</sup>

Botswana's success needs to be qualified, however, due to its high level of poverty and high unemployment (18%<sup>188</sup>) and high level of inequality which is among the highest in the world. <sup>189</sup> The HIV/AIDS pandemic has further exacerbated the situation; the HIV/AIDS adult prevalence rate remains at 22%, contributing to education and health outcomes that are below those of countries in the same income group.<sup>190</sup>

---

<sup>187</sup> Michael Lewin, 'Botswana's Success: Good Governance, Good Policies, and Good Luck', p.82, <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>

<sup>188</sup> 'Overview', <http://www.worldbank.org/en/country/botswana/overview>

<sup>189</sup> 'Overview', <http://www.worldbank.org/en/country/botswana/overview>

<sup>190</sup> 'Overview', <http://www.worldbank.org/en/country/botswana/overview>



## SELECT BIBLIOGRAPHY

Altieri, Miguel, 'Cuba's sustainable agriculture at risk in US diplomatic thaw', 1 April 2016, [http://www.theecologist.org/News/news\\_analysis/2987490/cubas\\_sustainable\\_agriculture\\_at\\_risk\\_in\\_us\\_diplomatic\\_thaw.html](http://www.theecologist.org/News/news_analysis/2987490/cubas_sustainable_agriculture_at_risk_in_us_diplomatic_thaw.html)

Amsden, Alice, *Asia's Next Giant: South Korea and Late Industrialization*, 1989

Andersen, Torben et al, *The Nordic Model: Embracing globalization and sharing risks*, 2007, <http://economics.mit.edu/files/5726>

Badore, Margaret, 'What we can learn from Cuba's health care system', 27 June 2013, <https://www.mnn.com/health/fitness-well-being/stories/what-we-can-learn-from-cubas-health-care-system>

Basañes, Federico, 'Can Latin America learn from Korea's economic miracle?', 16 March 2015, <https://blogs.iadb.org/ideasmatter/2015/03/16/can-latin-america-learn-koreas-economic-miracle/>

Birss, Moira, "'Buen Vivir" for Whom?', 26 January 2017, <http://nacla.org/news/2017/01/26/buen-vivir-whom>

Calvet, Martin and Brito, Vanesa, 'Neoliberal Shock, Infrastructure Disruption, and Restructuring in Chile', *Critical Planning*, 2015, <http://escholarship.org/uc/item/2b572861#page-2>

Campion, Edward and Morrissey, Stephen, 'A Different Model — Medical Care in Cuba', *New England Journal of Medicine*, January 2013, <http://www.nejm.org/doi/full/10.1056/NEJMp1215226#t=article>

Cappelen, Ådne and Mjøset, Lars, 'Can Norway Be a Role Model for Natural Resource Abundant Countries?', UNU-WIDER, *Research Paper*, April 2009 <https://www.econstor.eu/bitstream/10419/45096/1/601783018.pdf>

CEPR, 'Ecuador After Ten Years of President Correa: New Paper Examines Key Indicators, Reforms, and Policy Changes', 10 February 2017, <http://cepr.net/press-center/press-releases/ecuador-after-ten-years-of-president-correa-new-paper-examines-key-indicators-reforms-and-policy-changes>

CEPR, 'New Paper Finds that Ecuadorean Financial Reforms Under Correa Have Been Successful', 14 February 2013, <http://cepr.net/press-center/press-releases/new-paper-finds-that-ecuadorean-financial-reforms-under-correa-have-been-successful>

Chang, Ha-Joon, 'South Korea's economic reforms – a recipe for unhappiness', 1 April 2012, <https://www.theguardian.com/commentisfree/2012/apr/01/south-korea-recipe-for-unhappiness>

Chang, Ha-Joon, 'The Political Economy of Industrial Policy in Korea', in Ha-Joon Chang and R. Rowthorn, eds., *The Role of the State in Economic Change*, 1995  
Chang, Ha-Joon, *Bad Samaritans: The myth of free trade and the secret history of capitalism*, 2007, p.xxi, <https://analepsis.files.wordpress.com/2011/08/ha-joon-chang-bad-samaritans.pdf>

Chulchung, Sung, 'Lessons to be learned from South Korea's stellar rise', 23 February 2015, <http://europesworld.org/2015/02/23/lessons-learned-south-koreas-stellar-rise/#.WS1POcYIGUk>

Clark, Patrick, 'Can the State Foster Food Sovereignty? Insights from the Case of Ecuador', *Journal of Agrarian Change*, 2016, <http://onlinelibrary.wiley.com/doi/10.1111/joac.12094/pdf>

Collins, Chuck, 'We Should Take a Lesson from the Nordic Countries on Inequality', 18 July 2016, <http://www.ips-dc.org/take-lesson-nordic-countries-inequality/>

Cypher, James, 'Is Chile a Neoliberal Success?', September/October 2004, <http://dollarsandsense.org/archives/2004/0904cypher.html>

DeSilver, Drew, 'What we know about Cuba's economy', 28 May 2015, <http://www.pewresearch.org/fact-tank/2015/05/28/what-we-know-about-cubas-economy/>

Feffer, John, 'Africa's Success Story', 13 January 2016, <http://fpif.org/africas-success-story/>

Ffrench-Davis, Ricardo, 'Is Chile a Model for Economic Development?', 2014, <http://www.econ.uchile.cl/uploads/publicacion/0d9ccd29e11600a73a71d53f90ebbae67e2bde70.pdf>

Frankel, Jeffrey, 'Mauritius: African Success Story', *NBER Working Paper*, 2010, <http://www.nber.org/papers/w16569.pdf>

Frankel, Jeffrey, 'The Little Economy That Could', 2 February 2012, <http://foreignpolicy.com/2012/02/02/the-little-economy-that-could/>

Fuente, Álvaro, 'How does Cuba manage to achieve first-world health statistics?', 10 February 2017, [https://elpais.com/elpais/2017/02/10/inenglish/1486729823\\_171276.html](https://elpais.com/elpais/2017/02/10/inenglish/1486729823_171276.html)

Gamso, Jonas, 'How Ecuador Transitioned From 20th Century Neoliberalism to 21st Century Socialism', 1 July 2015, <http://www.truth-out.org/opinion/item/31662-how-ecuador-transitioned-from-20th-century-neoliberalism-to-21st-century-socialism>

Ghosh, Jayati, 'Could Ecuador be the most radical and exciting place on Earth?', 19 January 2012,

<https://www.theguardian.com/commentisfree/cifamerica/2012/jan/19/ecuador-radical-exciting-place>

Glennie, Jonathan, 'Cuba: A development model that proved the doubters wrong', 5 August 2011, <https://www.theguardian.com/global-development/poverty-matters/2011/aug/05/cuban-development-model>

Human Rights Watch, 'Cuba: Fidel Castro's Record of Repression', 26 November 2016, <https://www.hrw.org/news/2016/11/26/cuba-fidel-castros-record-repression>

Human Rights Watch, 'Cuba', <https://www.hrw.org/americas/cuba>

Iozzi, Deborah, 'Cuba, a Model of Sustainable Agriculture Towards Global Food Security', 12 December 2016, <http://www.coha.org/cuba-a-model-of-sustainable-agriculture-towards-global-food-security/>

Kamrany, Nake and Gray, Jennifer, 'Botswana: An African Model for Progress and Prosperity', undated, [http://www.huffingtonpost.com/nake-m-kamrany/botswana-economic-growth\\_b\\_2069226.html](http://www.huffingtonpost.com/nake-m-kamrany/botswana-economic-growth_b_2069226.html)

Keller, Aurel, 'Four important lessons from Cuba's urban food survival strategy', 25 July 2016, <http://blogs.worldwatch.org/four-lessons-cuba-food/>

Kronenberg, Clive, 'Why Cuba Is An Education Success Story And What It Can Teach Africa', 26 November 2016, [http://www.huffingtonpost.co.za/2016/11/26/why-cuba-is-an-education-success-story-and-what-it-can-teach-afr\\_a\\_21614557/](http://www.huffingtonpost.co.za/2016/11/26/why-cuba-is-an-education-success-story-and-what-it-can-teach-afr_a_21614557/)

Lamrani, Salim, 'Cuba's Health Care System: a Model for the World', 8 October 2014, [http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system\\_b\\_5649968.html](http://www.huffingtonpost.com/salim-lamrani/cubas-health-care-system_b_5649968.html)

Lee, Keun, 'How Can Korea be a Role Model for Catch-up Development? A 'Capability-based View', *Research Paper*, June 2009, <https://www.wider.unu.edu/publication/how-can-korea-be-role-model-catch-development>

Leitgeb, Friedrich et al, 'Farmers' experiments in Cuba', *Journal of Renewable Agriculture and Food Systems*, March 2014, <https://www.cambridge.org/core/journals/renewable-agriculture-and-food-systems/article/farmers-experiments-in-cuba/AAA3A4B8A1DDA841EC414120B6D0BE7B>

Lewin, Michael, 'Botswana's Success: Good Governance, Good Policies, and Good Luck', <http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/Botswana-success.pdf>

Maldonado, Xavier et al, 'Políticas neoliberales de salud en el gobierno de Correa', 23 May 2017, <https://lalineadefuego.info/2017/05/23/politicas-neoliberales-de-salud-en-el-gobierno-de-correa-por-xavier-maldonado-erika-arteaga-y-juan-cuvi/>

McCloskey, Stephen, 'Cuba's model of development: Lessons for global education', Autumn 2011, <https://www.developmenteducationreview.com/issue/issue-13/cubas-model-development-lessons-global-education>

Meijia, Paula & Castel, Vincent, 'Could Oil Shine like Diamonds? How Botswana Avoided the Resource Curse and its Implications for a New Libya', 2012, <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Could%20Oil%20Shine%20like%20Diamonds%20-%20How%20Botswana%20Avoided%20the%20Resource%20Curse%20and%20its%20Implications%20for%20a%20New%20Libya.pdf>

Merckaert, Jean, 'Mauritius: the flip side of paradise', 2 February 2010, <http://taxjustice.blogspot.com.es/2010/02/mauritius-flip-side-of-paradise.html>

Moreno Brid, Juan Carlos and Hernández, René A., 'Chile: The Lonely Success Story', <http://revista.drclas.harvard.edu/book/chile-lonely-success-story>

Naude, Wim, 'Economic Development in Sub-Saharan Africa: The Case of the Big Four', *Working Paper*, Maastricht School of Management, 2011, <https://www.msm.nl/resources/uploads/2014/02/MSM-WP2011-34.pdf>

Norwegian Ministry of Trade, Industry and Fisheries, *The State Ownership Report 2015*, <https://www.regjeringen.no/contentassets/b7e367d388ba41dd839f34d64c0e4cc1/the-state-ownership-report-2015.pdf>

ODI, *Progress in economic conditions in Mauritius: Success against the odds*, undated, [https://www.files.ethz.ch/isn/124911/2010-12\\_mauritius\\_economic\\_conditions.pdf](https://www.files.ethz.ch/isn/124911/2010-12_mauritius_economic_conditions.pdf)

ODI, *Sharing the fruits of progress: Poverty reduction in Ecuador*, 2015, <https://www.odi.org/publications/9958-ecuador-extreme-poverty-progress-reduction-inequality>

Panagariya, Arvind, 'Korean Growth Experience', 25 April 2011, <http://www.columbia.edu/~ap2231/ET/et25-april01.htm>

Ramdo, I., 'Economic transformation in Mauritius', *GREAT Insights*, May 2014, <http://ecdpm.org/great-insights/value-chains-industrialisation/economic-transformation-mauritius-heterodox-journey/>

Robertshaw, Kate and Weldon, Anthony, 'Paediatrics and child health care in Cuba', *Journal of Paediatrics and Child Care*, April 2013, <http://onlinelibrary.wiley.com/doi/10.1111/jpc.12181/full>

- Robinson, James, 'Botswana as a Role Model for Country Success', *Research Paper*, UNU-WIDER, 2009, <https://www.wider.unu.edu/publication/botswana-role-model-country-success>
- Rosset, Peter, 'Cuba: A Successful Case Study of Sustainable Agriculture', 2000, [https://www.iatp.org/files/Cuba A Successful Case Study of Sustainable Ag.htm](https://www.iatp.org/files/Cuba_A_Successful_Case_Study_of_Sustainable_Ag.htm)
- Ruttenberg, Tara, 'Policies to Match the Rhetoric: Buen Vivir in Ecuador', 6 November 2012, <http://cepr.net/blogs/the-americas-blog/policies-to-match-the-rhetoric-buen-viver-in-ecuador>
- Sanandaji, Nima, 'The Nordic Democratic-Socialist Myth', 26 July 2016, <http://www.nationalreview.com/article/438331/nordic-democratic-socialist-model-exposing-lefts-myth>
- Sandbu, Martin, 'Nordic model myths beloved by left and right', 1 December 2016, <https://www.ft.com/content/36a7ba7a-a05f-11e6-891e-abe238dee8e2?mhq5j=e1>
- Sebudubudu, David and Mooketsane, Keneilwe, 'What Has Made Political Institutions in Botswana and Mauritius Tick?', *Taiwan Journal of Democracy*, 2016, <http://www.tfd.org.tw/export/sites/tfd/files/publication/journal/145-168-What-Has-Made-Political-Institutions-in-Botswana-and.pdf>
- Shumuye, Muleta Yirga, 'The Success Stories of Developmental State Paradigm from Botswana and Mauritius: Lessons for the Contemporary African Countries', *Journal of Economics and Sustainable Development*, 2015, <http://www.iiste.org/Journals/index.php/JEDS/article/viewFile/26577/27225>
- Smith, Stansfield, 'Ecuador's Accomplishments under the 10 Years of Rafael Correa's Citizen's Revolution', 17 April 2017, <http://www.coha.org/ecuadors-accomplishments-under-the-10-years-of-rafael-correas-citizens-revolution/>
- Smith, Stephen, *Case Studies in Economic Development*, 2003, <https://pdfs.semanticscholar.org/7f8f/5108f49c21ed9ab3f8d76e6e669a9c4e15db.pdf>
- Sobhee, Sanjeev K., 'The economic success of Mauritius: lessons and policy options for Africa', March 2009, <http://www.tandfonline.com/doi/full/10.1080/17487870902739186>
- Solimano, Andres, 'Three Decades of Neoliberal Economics in Chile Achievements, Failures and Dilemmas', *Research Paper*, UNU-WIDER, 2009, <https://www.wider.unu.edu/publication/three-decades-neoliberal-economics-chile>
- Stiglitz, Joseph, 'The Mauritius miracle, or how to make a big success of a small economy', 7 March 2011,

<https://www.theguardian.com/commentisfree/2011/mar/07/mauritius-healthcare-education>

Subramanian, Arvind & Roy, Devesh, 'Who can explain the Mauritian miracle: Meade, Romer, Sachs or Rodrik?', *IMF Working Paper*, 2011  
<https://www.imf.org/external/pubs/ft/wp/2001/wp01116.pdf>

Subramanian, Arvind, 'The Mauritian Success Story and its Lessons', *UNU-WIDER Research Paper*, 2009, <https://www.wider.unu.edu/publication/mauritian-success-story-and-its-lessons-0>

Tang, Ming Chun, 'Could US Trade Threaten Sustainable Agriculture in Cuba?', 26 April 2016, <http://cepr.net/blogs/the-americas-blog/could-us-trade-threaten-sustainable-agriculture-in-cuba>

Tase, Peter, 'The Republic of Ecuador: a comprehensive strategy for sustainable development and economic growth', 23 August 2015,  
<http://foreignpolicynews.org/2015/08/23/the-republic-of-ecuador-a-comprehensive-strategy-%E2%80%A8for-sustainable-development-and-economic-growth/>

Torres, Rosa María, 'Educación: una "revolución" sobrevalorada', 23 May 2017,  
<http://gkillcity.com/articulos/10-anos-rafael-correa-el-balance/educacion-revolucion-sobrevalorada>

UNDP, *Human Development Report 2016*,  
[http://hdr.undp.org/sites/default/files/2016\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf)

Undurraga, Tomás, 'Neoliberalism in Argentina and Chile: Common antecedents, divergent paths', *Rev. Sociol. Polit.*, September 2015,  
[http://www.scielo.br/scielo.php?script=sci\\_arttext&pid=S0104-44782015000300011](http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0104-44782015000300011)

Unger, J-P et al, 'Chile's Neoliberal Health Reform: An Assessment and a Critique', *PLoS Med*, 2008, <https://doi.org/10.1371/journal.pmed.0050079>

Weisbrot, Mark, 'Ecuador's Left-Wing Success Story', 14 February 2017  
<https://www.thenation.com/article/ecuadors-left-wing-success-story/>

Wolfe, Jonathan, 'Cuban cooperatives present a new economic model', 25 February 2015, <https://www.pri.org/stories/2015-02-25/cuban-cooperatives-present-new-economic-model>

Wright, Rob, 'Will Cuba Be The World's Next Leading Biotech Hub?', 17 October 2016, <https://www.lifescienceleader.com/doc/will-cuba-be-the-world-s-next-leading-biotech-hub-0001>

Yaffe, Helen, 'Cuba is poor, but who is to blame – Castro or 50 years of the US blockade?', 2 December 2016,

<http://blogs.lse.ac.uk/latamcaribbean/2017/03/01/cuba-is-poor-but-who-is-to-blame-castro-or-50-years-of-the-us-blockade/>

Yiner, Mohammed, 'Economic and Social Transformations of Korea; Lessons for Developing Countries With a particular Relevance to Ethiopia', *International Journal of Political Science and Development*, 2015,

<http://www.academicresearchjournals.org/IJPSD/PDF/2015/March/Yimer%201.pdf>

Zafar, Ali, 'Mauritius: An Economic Success Story', undated,

<http://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>