

SOCIAL IMPACTS OF THE CRISIS: WHAT DO WE KNOW?

Most of the evidence on social impacts of the crisis so far has been anecdotal, which is not surprising given the relatively recent emergence of the problem. Roundtable participants reported various signs of deteriorating social conditions and growing unrest in economies they had visited recently. The indications of mounting social problems are seen in growing unemployment and the need to turn to the informal sector for a living, as well as increased migration of displaced workers.

Large-scale labour migration was mentioned as an important barometer of emerging social impacts. The displacement of workers (from urban to rural areas within a country as well as across borders) translates into a loss of remittances to their home villages and countries, as well as increased social and economic stresses on communities that absorb the newly unemployed.

There is some evidence that the difficulties faced by the agricultural sector in Indonesia (drought, fires and crop failures) have more to do with the effects of El Niño than with the financial crisis. Most participants in the Roundtable felt, however, that the worst of the social impacts from the financial crisis was yet to come. The most seriously affected economies (Indonesia, South Korea and Thailand) have only begun to implement their International Monetary Fund (IMF)-directed structural adjustment programs, which typically include sharp reductions in government spending, high interest rates, elimination of subsidies, and the forced closure of insolvent companies with the attendant layoffs.

TABLE 2: SOCIAL INDICATORS IN EAST ASIA, 1970-95

ECONOMY	Life expectancy at birth (years)		Infant mortality rate (per 1,000 live births)		Primary net enrollment (percent)		Secondary net enrollment (percent)	
	1970	1993	1970	1993	1970	1995	1970	1995
East Asia	59.4	68.2	75.6	33.8	n.a.	n.a.	n.a.	n.a.
Taiwan, China	69.0	74.0	n.a.	6.7	n.a.	>99.0	75.0	87.4
South Korea	60.6	71.3	46.0	10.6	>99.0	>99.0	45.4	93.4
Malaysia	61.6	71.3	45.2	12.6	84.1	88.7	25.5	55.9
Thailand	58.4	68.8	72.6	36.4	78.6	88.2	18.2	34.9
Indonesia	47.9	63.2	118.0	56.0	75.6	>99.0	13.0	55.0
China	61.7	69.2	69.0	30.5	75.9	>99.0	34.7	50.7

n.a.: Not available.

Note: Economies are ordered according to real GDP per capita (in 1995 purchasing power parity dollars).

Source: Ahuja Vinod et al. *Everyone's Miracle? Revisiting Poverty and Inequality in East Asia*. A Directions in Development book. Washington D.C.: World Bank, 1997. Quoted by Tamar Manuelyan Atinc and Michael Walton, *East Asia's Social Model after the Crisis*, (World Bank, 1998, pre-publication version).