

# POL201Y1: Politics of Development

Lecture 1:

Introduction

Poverty, illbeing, and inequality

# Poverty

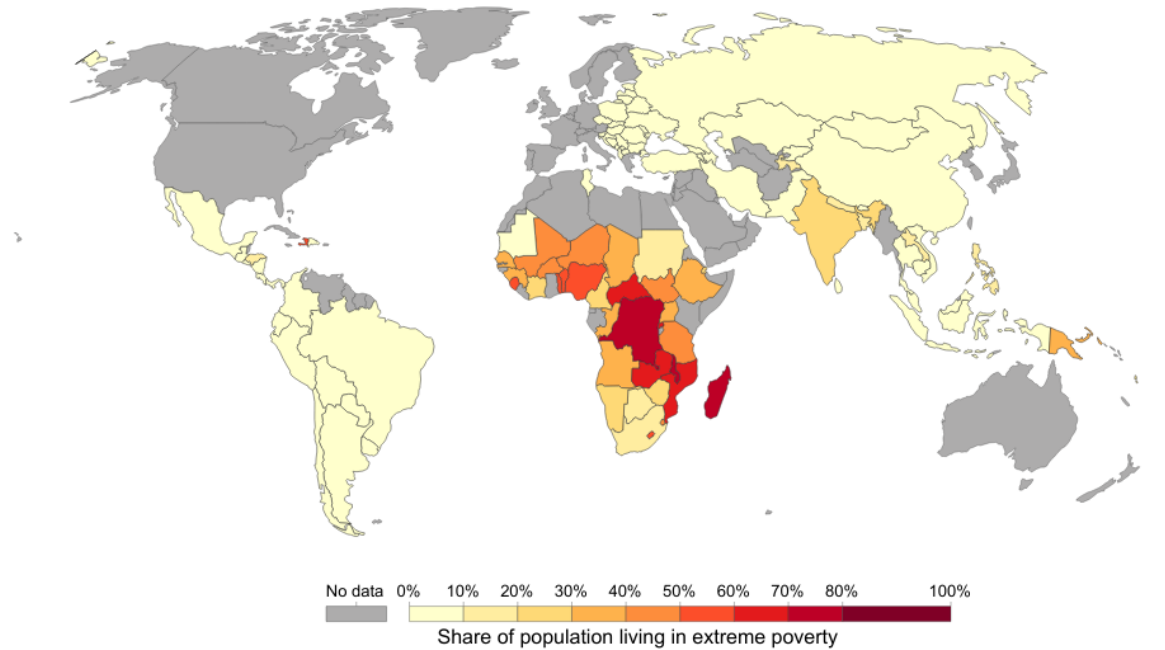
- 10.7% of the world population, or 766 million people (excluding MENA) live in extreme poverty
- 31.66% of the world population, or 1.9 billion (excluding MENA) live on less than Int.-\$ 3.1 per day
- 52.57%, or 3.2 billion (excluding MENA) on less than Int.-\$ 5 per day
  - All data for 2013
  - Data from the World Bank's PovcalNet: <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>

# Geographic distribution of poverty

## Share of the population living in extreme poverty, 2014

OurWorld  
in Data

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries. Since some observations for 2014 are not available the map displays the closest available data (2008 to 2014).



Source: Poverty - WORLD BANK (WDI - 2017/02)

[OurWorldInData.org/extreme-poverty/](https://OurWorldInData.org/extreme-poverty/) • CC BY-SA

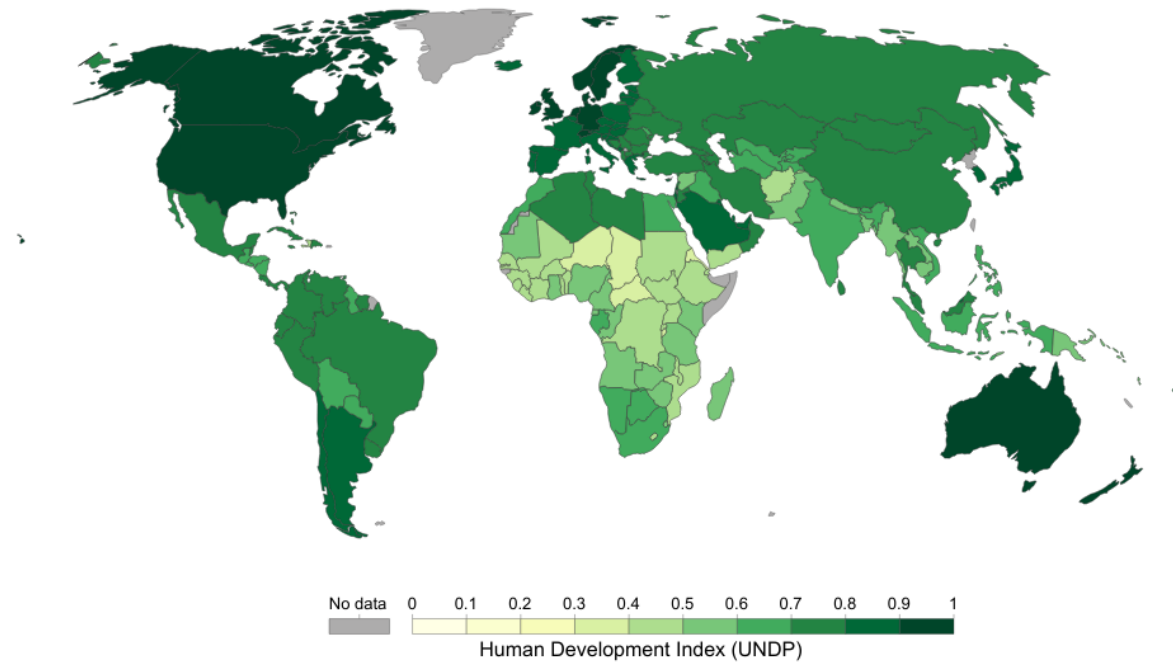
Note: Consumption in each country is adjusted for inflation over time and for price differences between countries and expressed in 2011 PPP international dollars.

# Development

## Human Development Index, 2014

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

Our World  
in Data

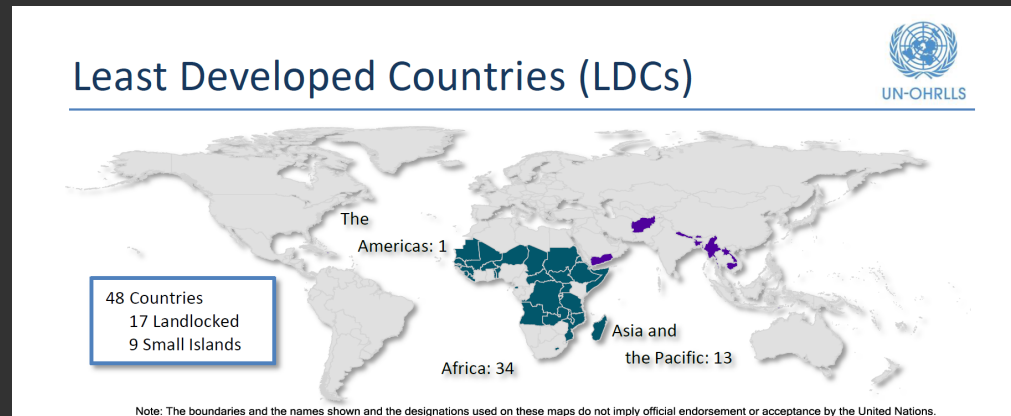
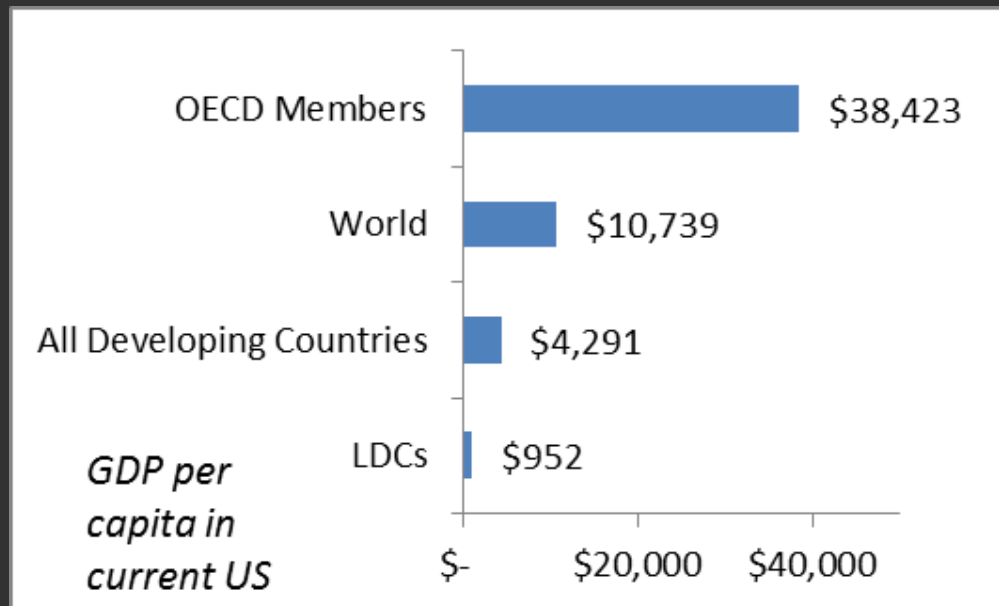


Source: Human Development Index (UNDP)

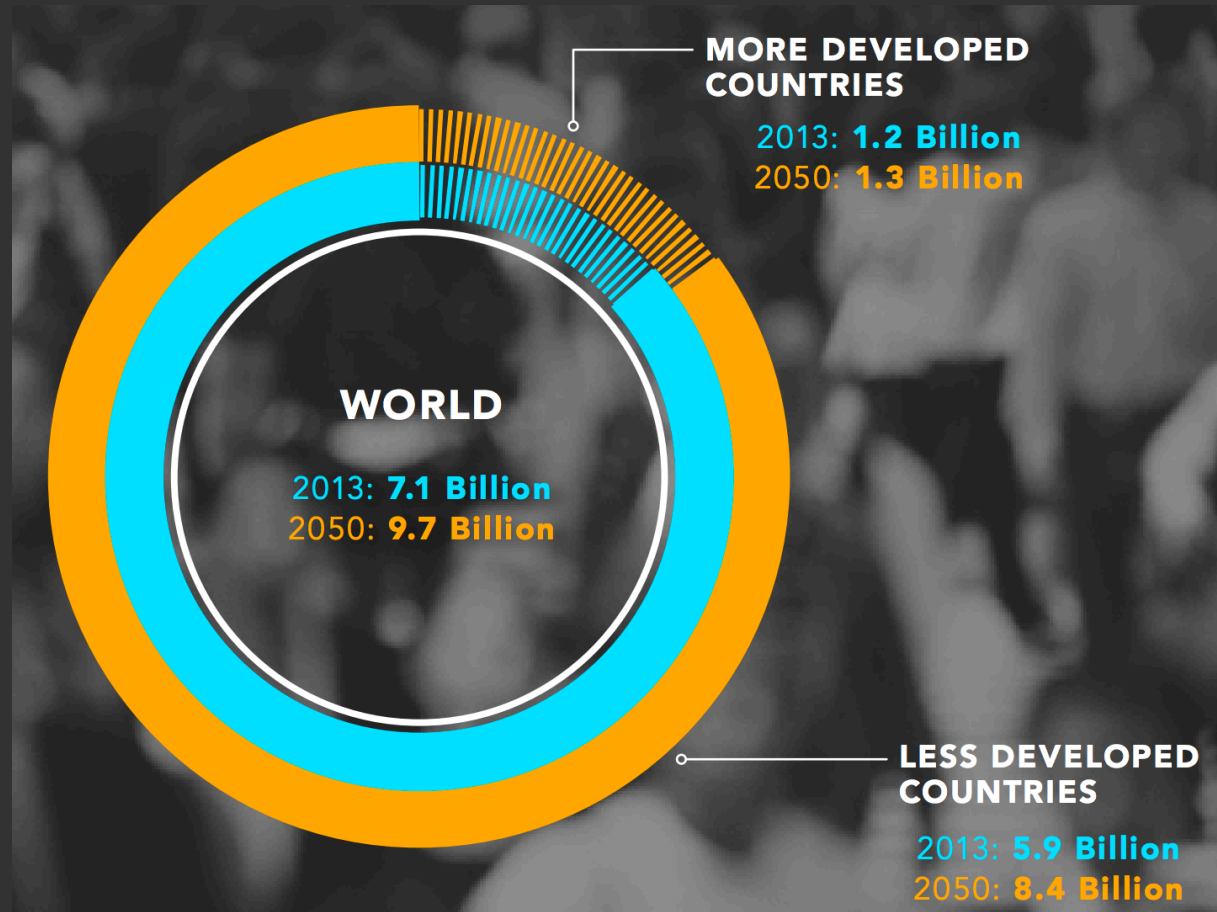
[OurWorldInData.org/human-development-index/](http://OurWorldInData.org/human-development-index/) • CC BY-SA

# Least Developed Countries (LDCs)

- Population: 954 million, or 13% of the world's total (in 2015)
  - Data from UN-OHRLLS: <http://unohrlls.org/about-lidcs/facts-and-figures-2/>

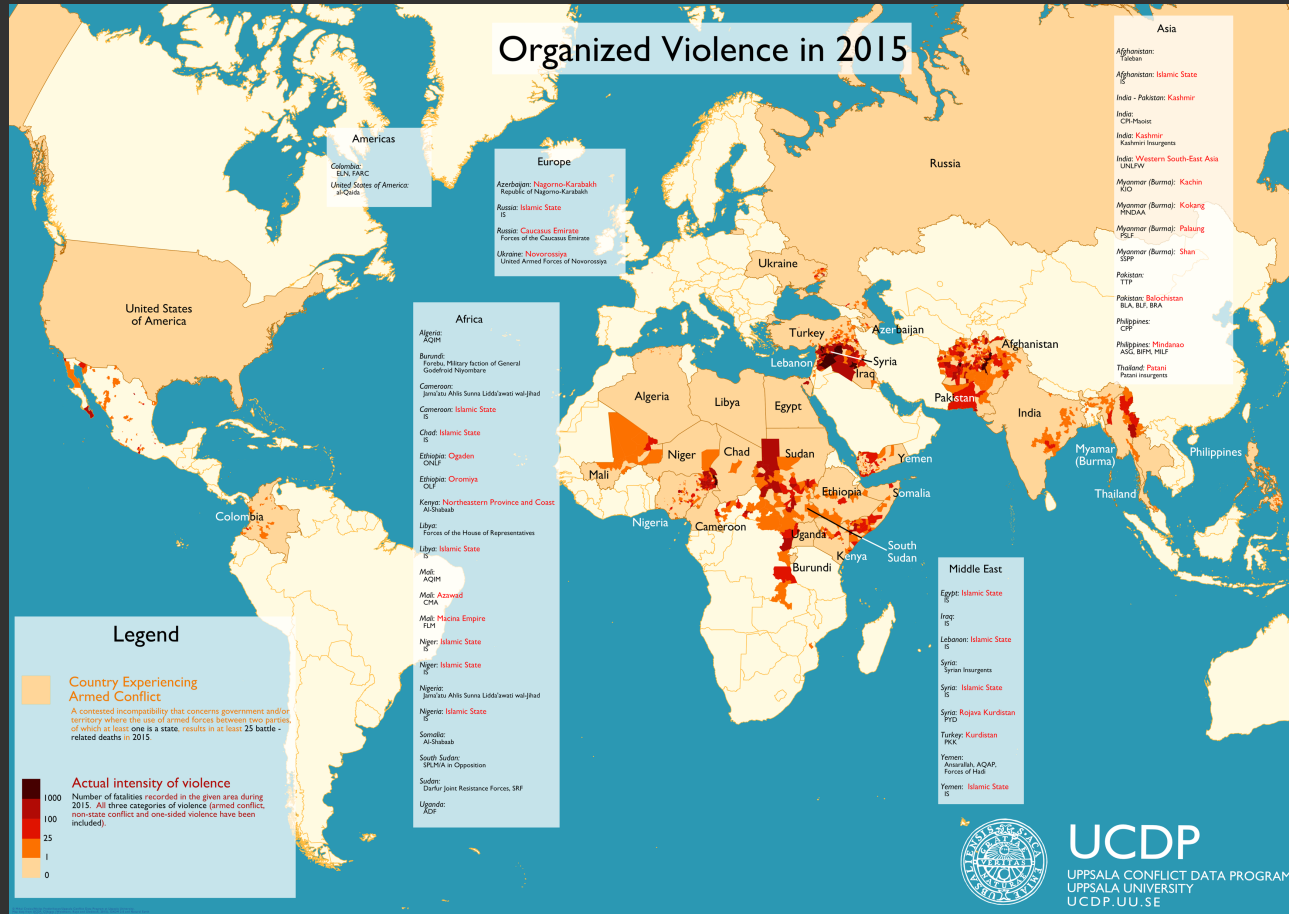


# Developing / less developed countries

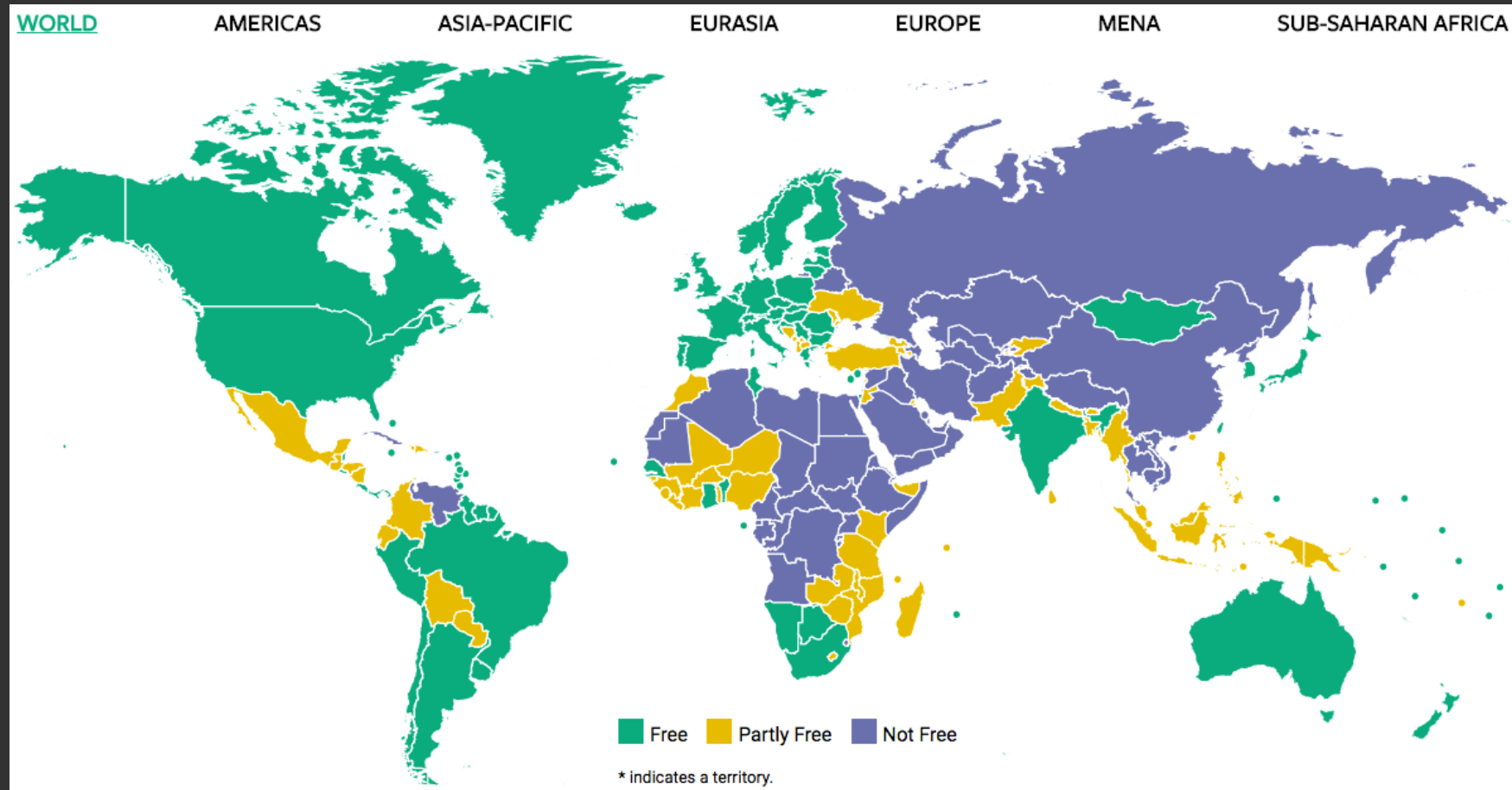


Source: <http://www.prb.org/Publications/Datasheets/2013/2013-world-population-data-sheet/infographic.aspx>

# Conflict



# Political Freedom



Source: <https://freedomhouse.org/report-types/freedom-world>



# Why?

- Why are some parts of the world so poor, repressive, and violent while others are rich, democratic, and peaceful?

# Course overview

- Part I: Introduction and key concepts
  - Poverty, illbeing, and inequality
  - Development
- Part II: Explaining development
  - Modernization and neoliberalism
  - Geography
  - Historical legacies:
    - Colonialism
    - Dependency/underdevelopment
    - Institutions and institutionalism
  - Post-development

# Course overview

- Part III: Political development
  - Anarchy and the emergence of political order
  - State-making and state capacity
  - China and the developmental states
  - Failures of the state:
    - Centralism
    - Neopatrimonialism and corruption
  - State and society
  - Democracy and democratization
  - Identities and cleavages
  - Conflict

# Course overview

- Part IV: What is to be done?
  - Humanitarian intervention
  - Aid and the development industry
  - Structural adjustment
  - Fostering institutions and democracy
  - Trade and globalization
  - Migration

# Course overview

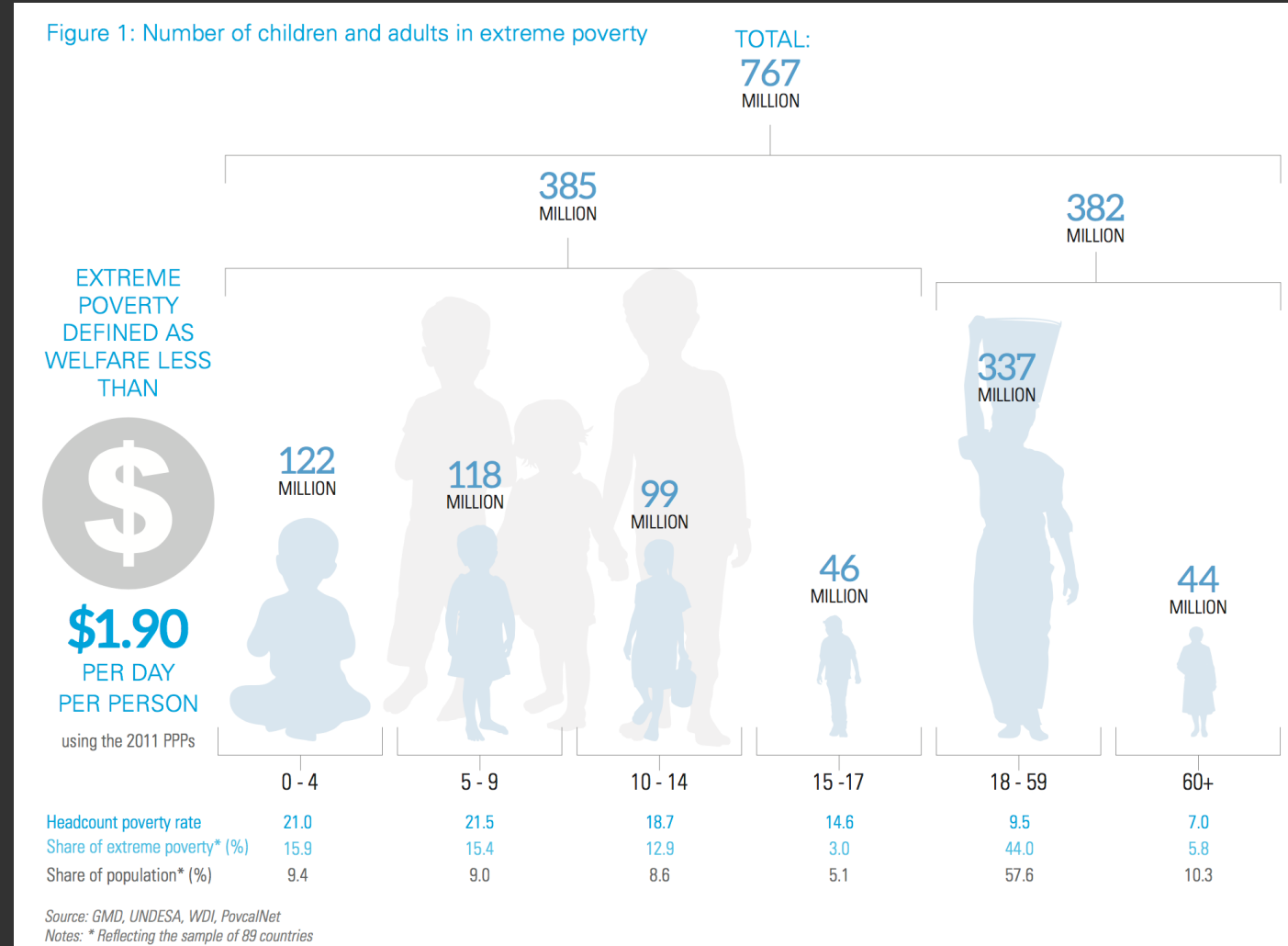
- Format:
  - Lectures
  - Tutorials
  - Library information session
- Assignments:
  - Term test
  - Research proposal
  - Research essay
  - Final exam
- Attendance and participation

# Prevalence of poverty

- Prevalence of extreme poverty:
  - Below the International Poverty Line: Int.-\$ 1.90 per day (as of 2015)
  - Int.-\$ (Geary-Khamis dollar): hypothetical unit of currency that has the same purchasing power parity that the USD had in the United States at a given point in time
  - In 2013: 10.7% of the world population, or 766 million people (excluding MENA)
- Prevalence of poverty at Int.-\$ 3.10:
  - In 2013: 31.66% of the world population, or 1.9 billion people (excluding MENA)
- Measuring poverty:
  - Poverty headcount ratio

# Child poverty

- 385 million children were living in extremely poor households in 2013
- 19.5% of children in developing countries live on less than Int.-\$ 1.90 per day, compared to 9.2% of adults
  - Source: UNICEF, and The World Bank. 2016. "Ending Extreme Poverty: A Focus on Children." Geneva: UNICEF.



# What is poverty?

- Poverty: general scarcity or the state of one who lacks a certain amount of material possessions or money

- Types of poverty:

- Income or consumption poverty
- Material lack or want
- Capability deprivation
- Minimum rights
- Multidimensional deprivation, e.g. Multidimensional Poverty Index
  - Based on Chambers, Robert. 2006. "What is poverty? Who asks? Who answers?" In *Poverty in focus: What is poverty? Concepts and Measures*. Geneva: United Nations Development Programme.
  - Table from Atkinson, Anthony. 2016. "Monitoring Global Poverty. Report of the Commission on Global Poverty." Washington, D.C: The World Bank.

	<b>International Poverty Line as set by World Bank</b>	<b>Basic needs–based indicator</b>	<b>Capability approach</b>	<b>Minimum rights</b>
Focus	Standard of living	Satisfaction of basic needs	Capabilities	Enjoyment of minimum rights
Dimension of poverty line	Single	Single	Single or multiple	Single or multiple
Unit of analysis	Household	Household	Individual	Individual
Allows for diversified characteristics of household or individuals	No	Equivalence scale	Wider class of differences	Wider class: for example, rights of child
Context in which poverty status assessed	Isolated	Isolated	Societal	Societal
Empirical feasibility	Yes	Yes	Probable	Probable



# Wellbeing and illbeing

- Wellbeing:

- Material wellbeing
- Bodily wellbeing
- Social wellbeing
- Self-respect
- Peace and good social relations
- Security
- Freedom of choice and action
  - Wellbeing != wealth

- Illbeing:

- Material lack and want
- Hunger, pain, and discomfort
- Exhaustion and poverty of time
- Exclusion, rejection, isolation, and loneliness
- Bad social relations
- Insecurity, vulnerability, worry, fear, and low self-confidence
- Powerlessness, helplessness, frustration, and anger

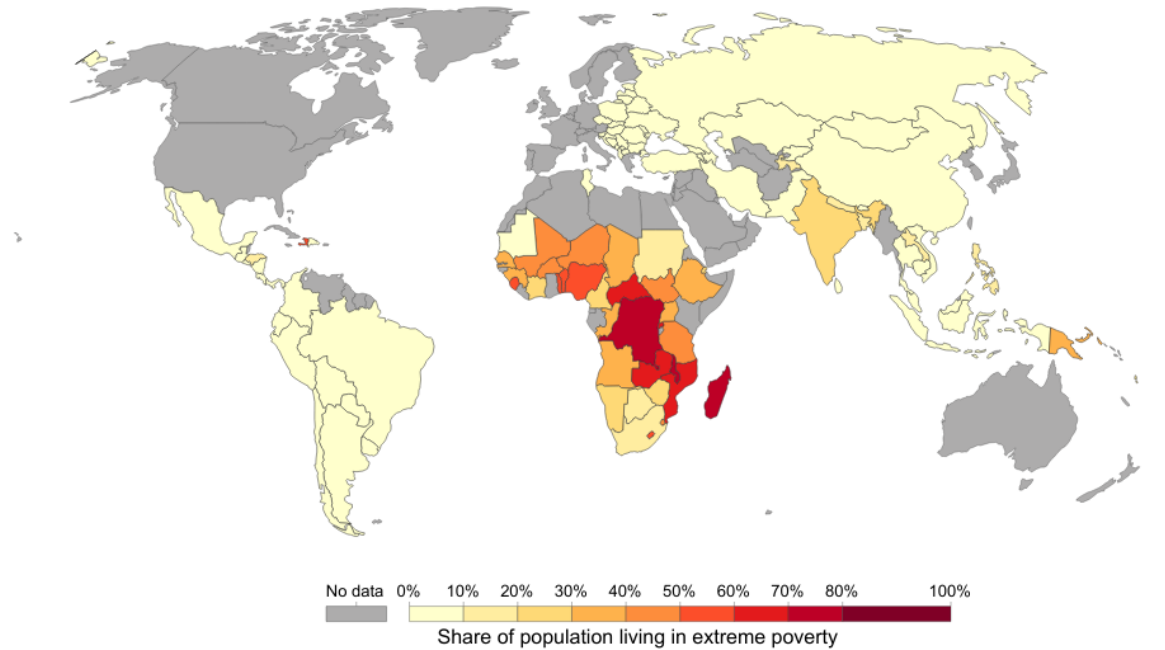
- Source: Narayan, Deepa. 2000. *Crying Out for Change: Voices of the Poor*. Washington, D.C.: The World Bank.

# Geographic distribution of poverty

## Share of the population living in extreme poverty, 2014

Our World  
in Data

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries. Since some observations for 2014 are not available the map displays the closest available data (2008 to 2014).



Source: Poverty - WORLD BANK (WDI - 2017/02)

[OurWorldInData.org/extreme-poverty/](https://OurWorldInData.org/extreme-poverty/) • CC BY-SA

Note: Consumption in each country is adjusted for inflation over time and for price differences between countries and expressed in 2011 PPP international dollars.

# Geographic distribution of poverty

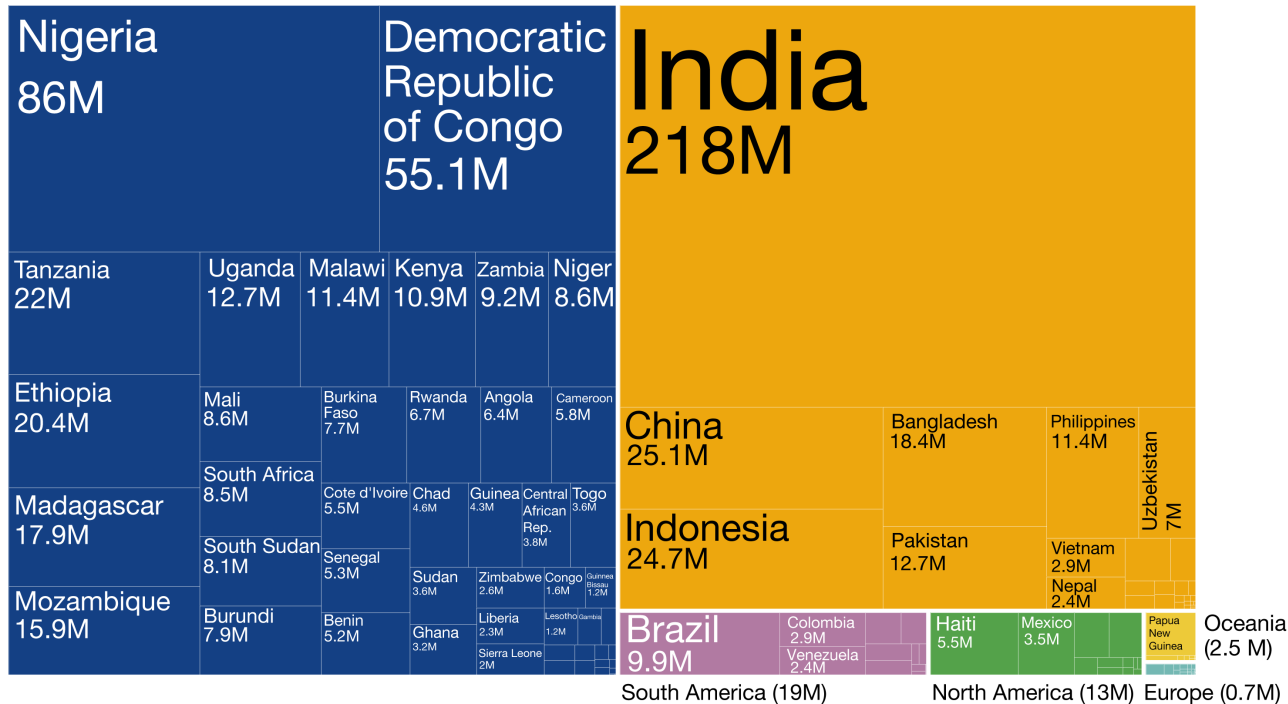
Globally there are 746 million people in extreme poverty (in 2013)

Extreme poverty is defined as living with less than \$1.90/day.  
This is measured in international dollars (i.e. price differences between countries are taken into account).



Africa (383 million)

Asia (327 million)



Data source: World Bank (PovcalNet)

The interactive data visualization is available at [OurWorldinData.org](http://OurWorldinData.org). There you find the raw data and more visualizations on this topic.

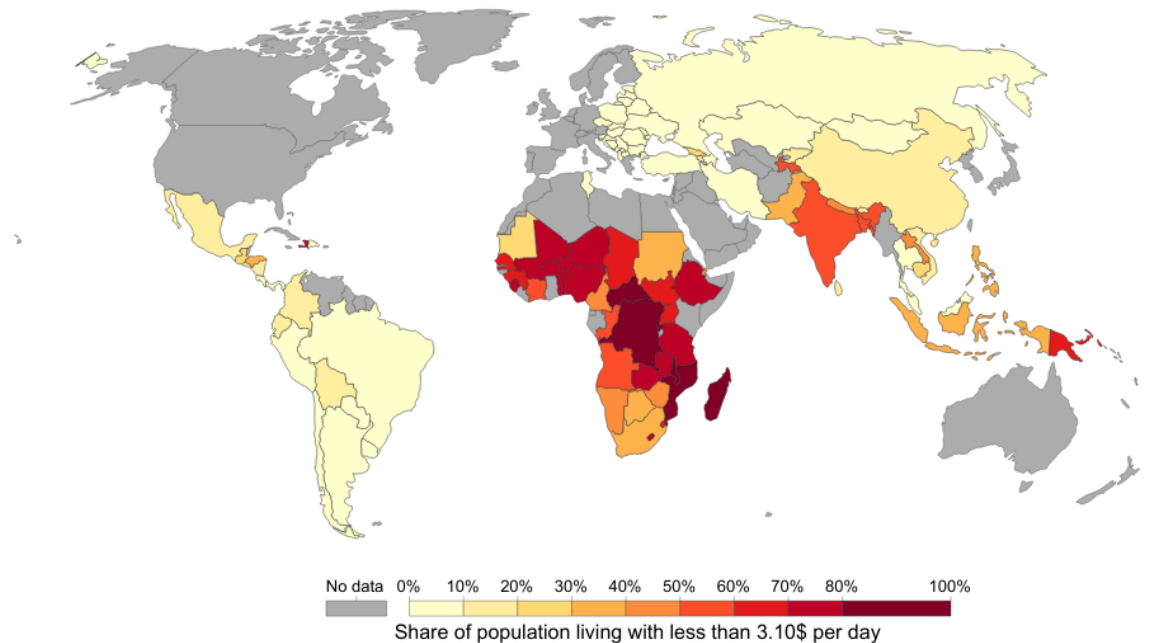
Licensed under [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) by the author Max Roser.

# Geographic distribution of poverty

## Share of population living with less than 3.10 int.-\$ per day, 2014

OurWorld  
in Data

Share of population living with per capita household consumption below 3.10 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries. Since some observations for 2014 are not available the map displays the closest available data (2008 to 2014).



Source: Poverty - WORLD BANK (WDI - 2017/02)

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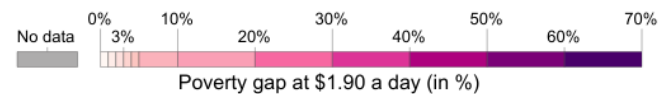
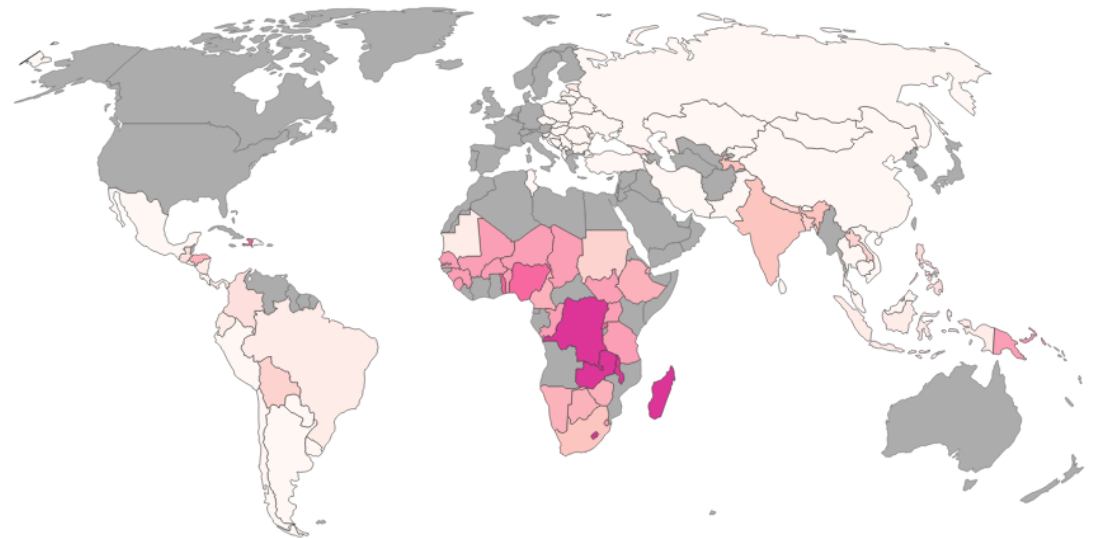
Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

# Geographic distribution of poverty: intensity of poverty (poverty gap index)

## Poverty gap index at 1.90 int-\$ per day, 2014

Our World  
in Data

The poverty gap index is the mean shortfall in income or consumption from the International Poverty Line (\$1.90 a day in 2011 international dollars) counting the non-poor as having zero shortfall, expressed as a percentage of the poverty line. International dollars are adjusted for inflation over time and for price differences between countries. Since some observations for 2014 are not available the map displays the closest available data (2009 to 2014).



Source: Poverty - WORLD BANK (WDI - 2017/02)

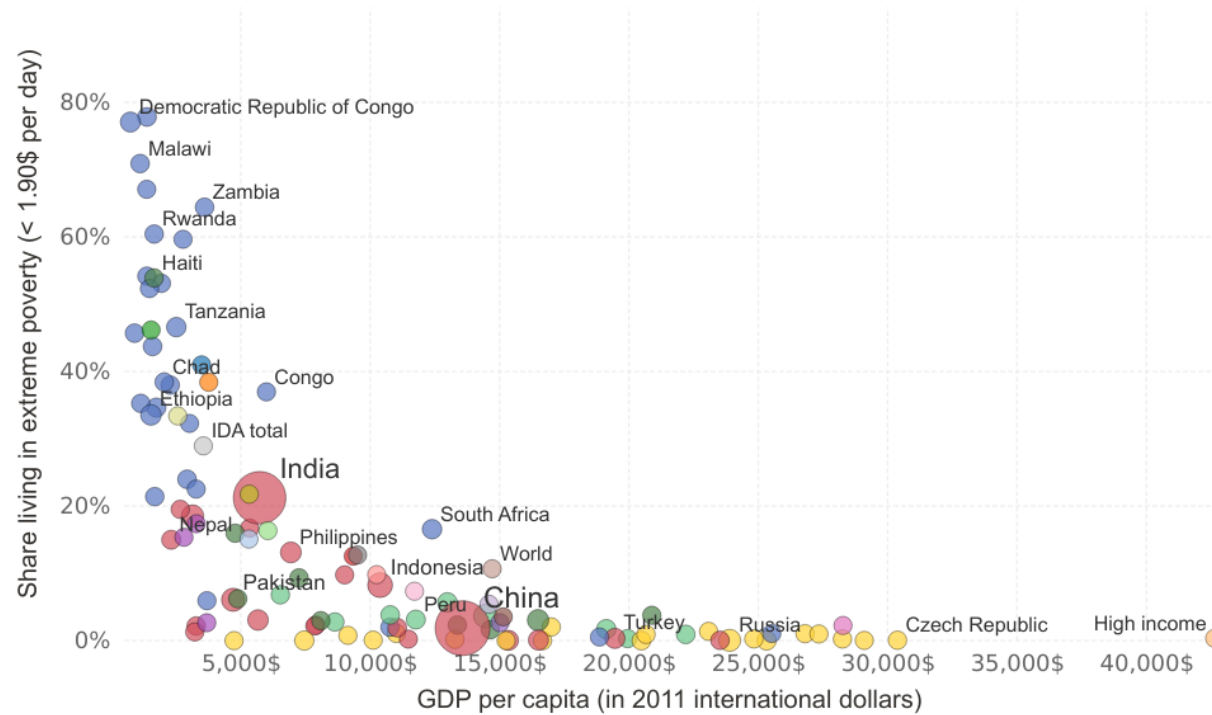
[OurWorldInData.org/extreme-poverty/](https://OurWorldInData.org/extreme-poverty/) • CC BY-SA

# Correlates of poverty: income

## The share of people living in extreme poverty vs GDP per capita, 2015

Both measures are adjusted for inflation over time and for price differences between countries (PPP adjustment) and are expressed in 'international dollars'. Extreme poverty is defined as living with less than 1.90\$ per day.

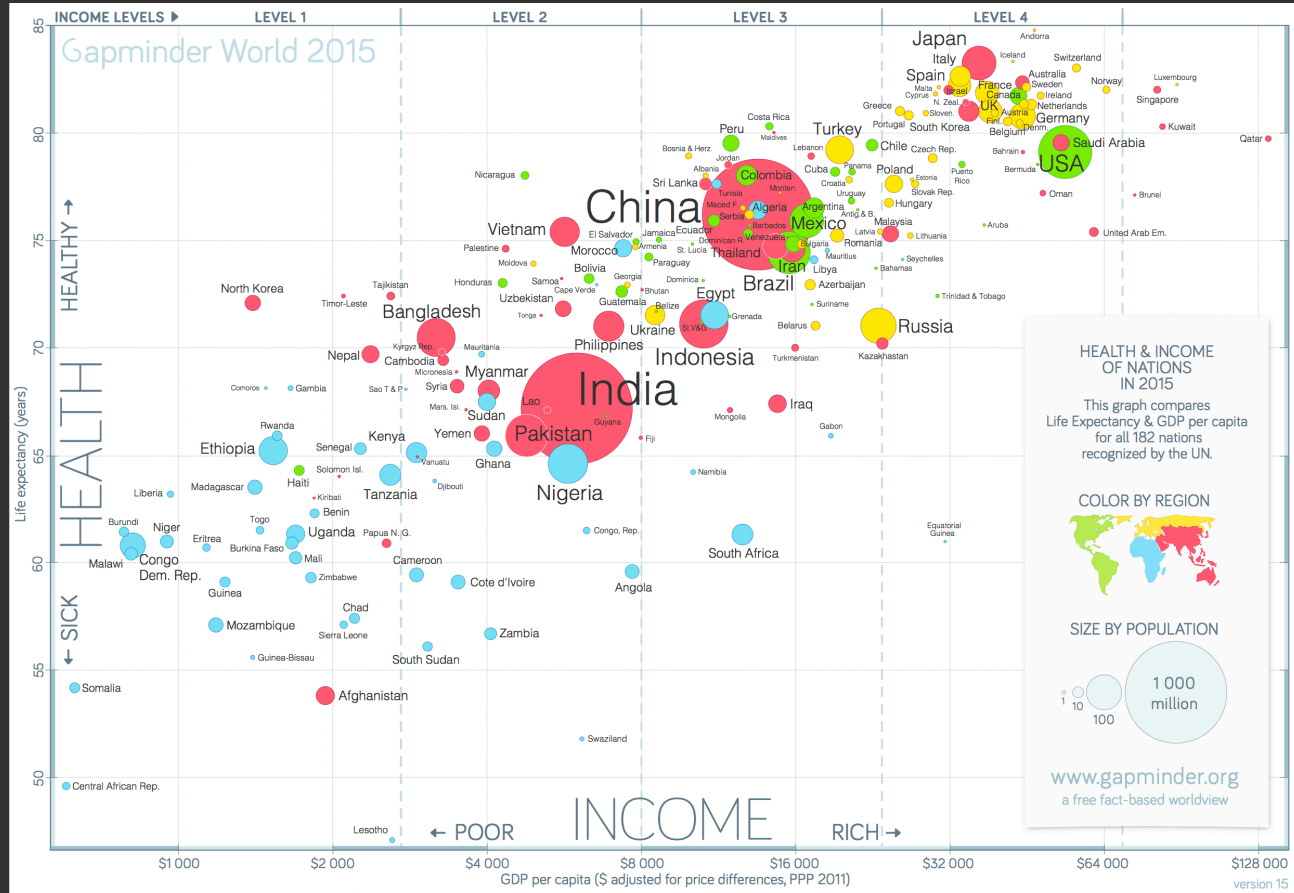
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Source: GDP per capita PPP 2011 – WORLD BANK (WDI) 2017Feb, Poverty - WORLD BANK (WDI - 2017/02)

OurWorldInData.org/extreme-poverty/ • CC BY-SA

# Correlates of poverty: health



DATA SOURCES – INCOME: World Bank's GDP per capita, PPP (2011 International \$). Income of Syria & Cuba are Gapminder estimates. X-axis uses log-scale to make a doubling income show same distance on all levels. POPULATION: Data from UN Population Division. LIFE EXPECTANCY: IHME GBD-2015, as of Oct 2016. ANIMATING GRAPH: Go to [www.gapminder.org/tools](http://www.gapminder.org/tools) to see how this graph changed historically and compare 500 other indicators. LICENSE: Our charts are freely available under Creative Commons Attribution License. Please copy, share, modify, integrate and even sell them, as long as you mention: "Based on a free chart from www.gapminder.org"

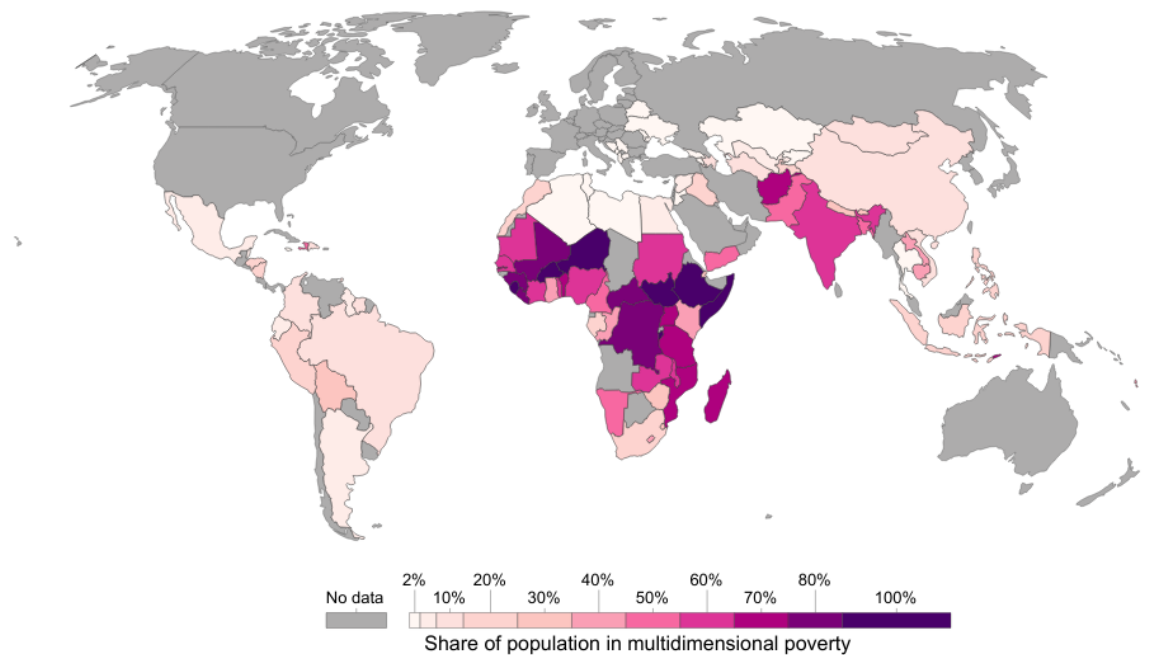
Source: <https://www.gapminder.org/>

# Geographic distribution of poverty: Multidimensional Poverty Index

## Share of population living in multidimensional poverty

Our World  
in Data

Proportion of people who are poor according to the Multidimensional Poverty Index (MPI). The MPI weights ten indicators of deprivation in the context of education, health and living standards. Individuals are considered poor if deprived in at least one third of the weighted indicators (see source for more details). Since some observations for 2014 are not available the map displays the closest available data (2005 to 2014).



Source: OPHI Multidimensional Poverty Index (2016)

[OurWorldInData.org/extreme-poverty/](https://OurWorldInData.org/extreme-poverty/) • CC BY-SA



# Why?

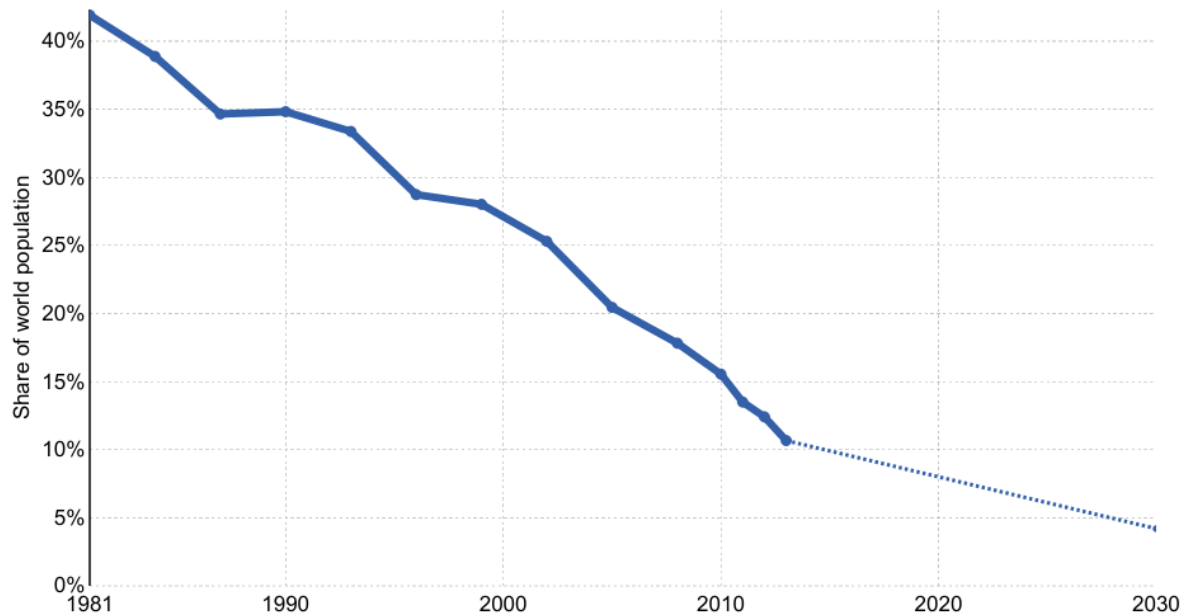
- Why is poverty concentrated in particular parts of the world?

# Poverty trends

## Share of the world population living in extreme poverty, 1981 to 2030

OurWorld  
in Data

Share of population living in below the International Poverty Line (1.90 International Dollars). Figures account for cross-country differences in prices levels, as well as for inflation. Projection for 2030 is based on the assumption that the average growth rates of consumption in all countries will be the same as the observed average growth rates from the previous 10 years.

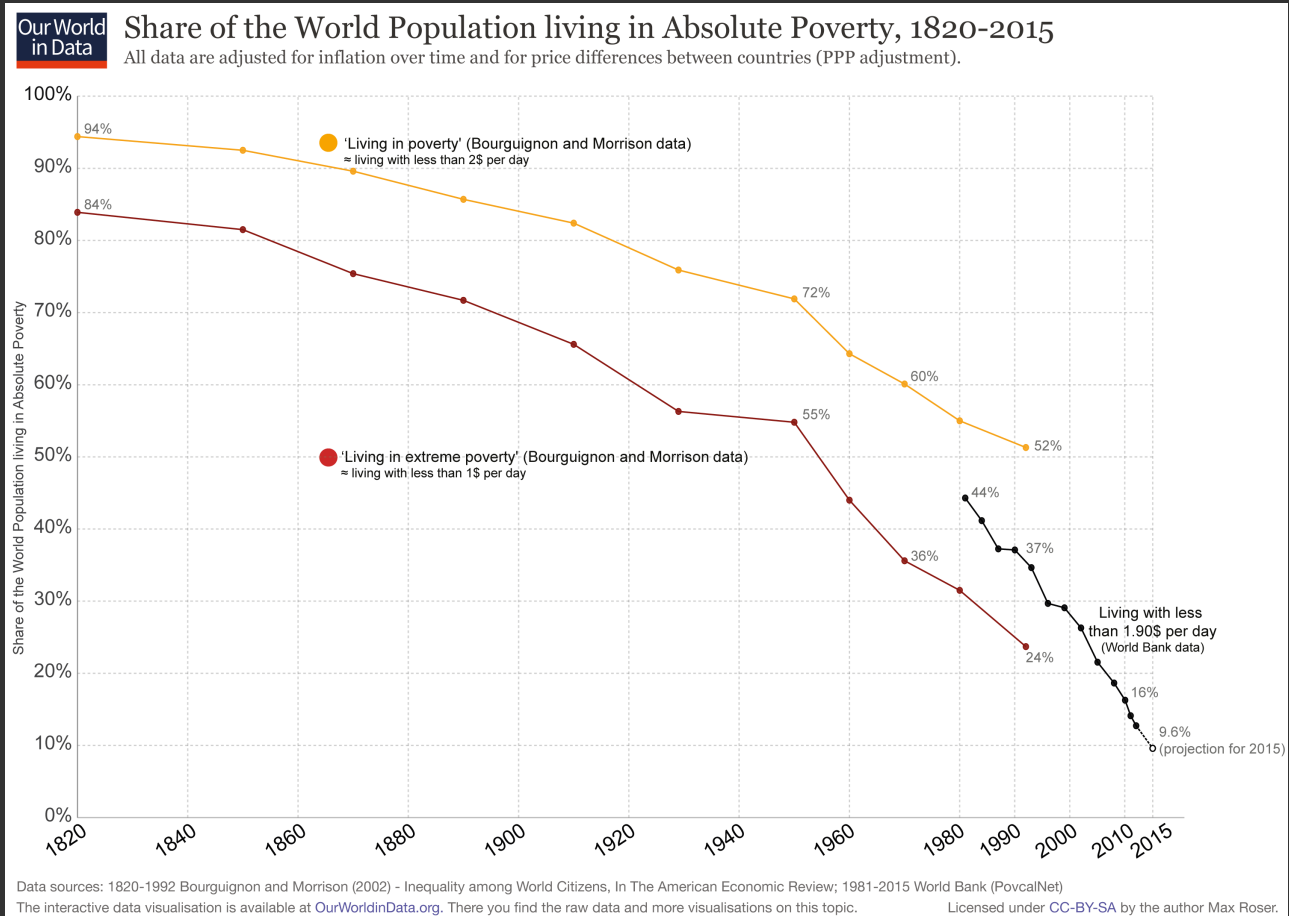


Source: Poverty headcount 1981-2030 - PovcalNet World Bank

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Note: The projected figure for 2030 also assumes that the dispersion in the distribution of consumption in each country remains unchanged from the most recent available data.

# Poverty trends



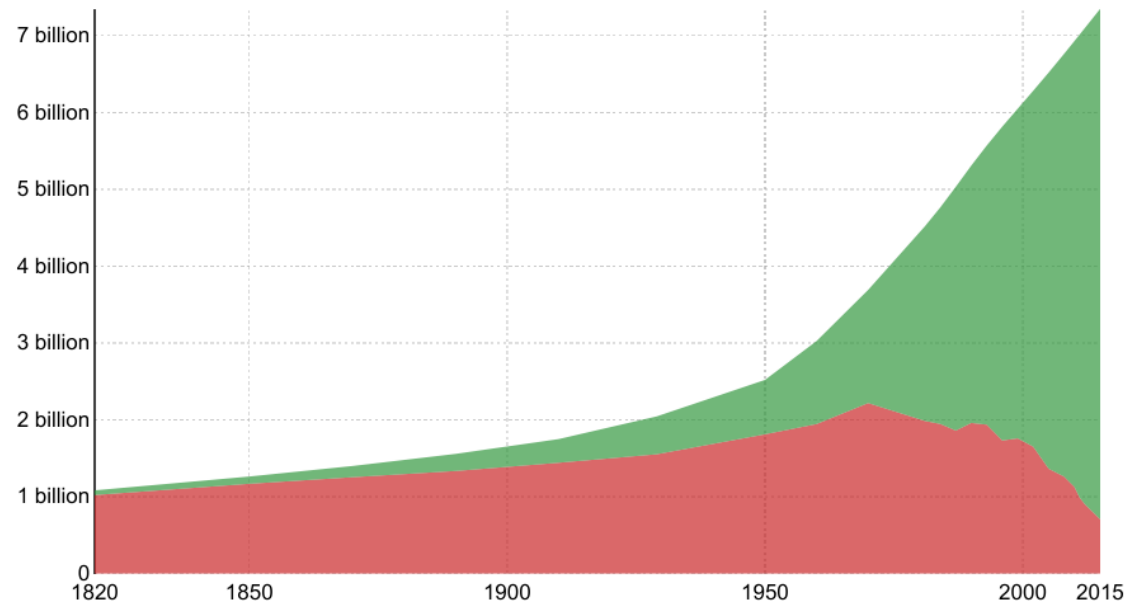
# Poverty trends

## World population living in extreme poverty, 1820-2015

Our World  
in Data

Extreme poverty is defined as living at a consumption (or income) level below 1.90 "international \$" per day. International \$ are adjusted for price differences between countries and for price changes over time (inflation).

Number of people living in extreme poverty    Number of people not in extreme poverty



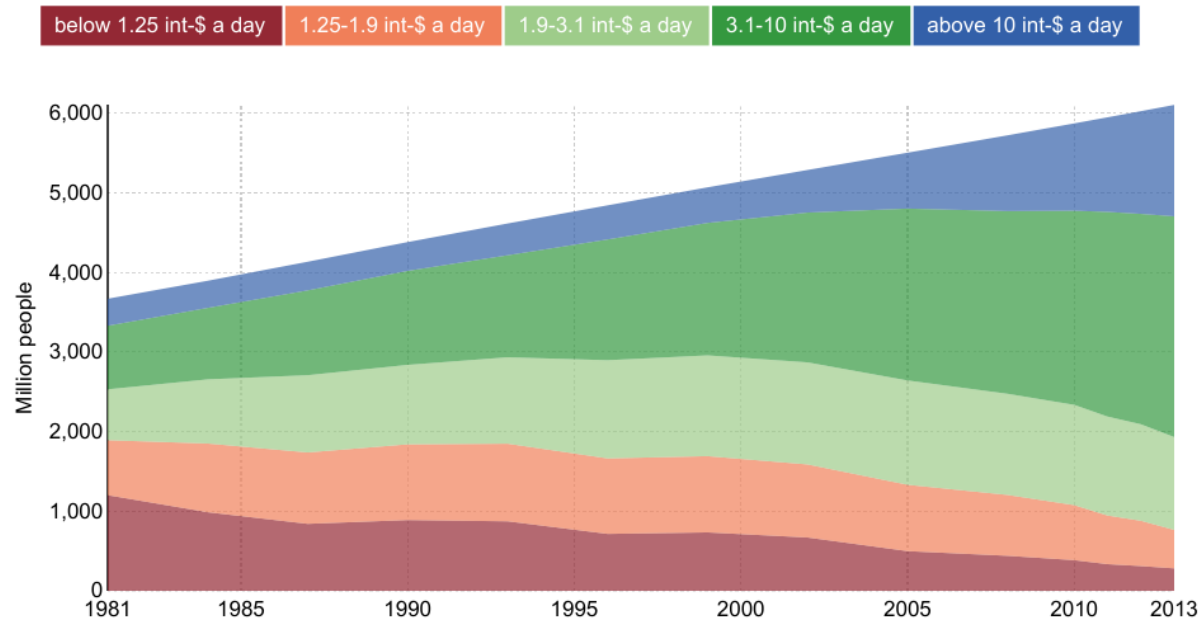
Source: World Poverty in absolute numbers (Max Roser based on World Bank and Bourguignon and Morrisson (2002))  
OurWorldInData.org/extreme-poverty/ • CC BY-SA

# Poverty trends

## Population in non-rich countries by per capita household income, 1981 to 2013

OurWorld  
in Data

Income brackets are in international dollars, so they account for cross-country differences in prices levels, as well as for inflation over time. The group of 'non-rich' countries includes all countries in the world except those listed in the footnote. Figures correspond to numbers of people in millions.



Source: Poverty and consumption groups in developing countries - PovcalNet March2017

OurWorldInData.org/extreme-poverty/ • CC BY-SA

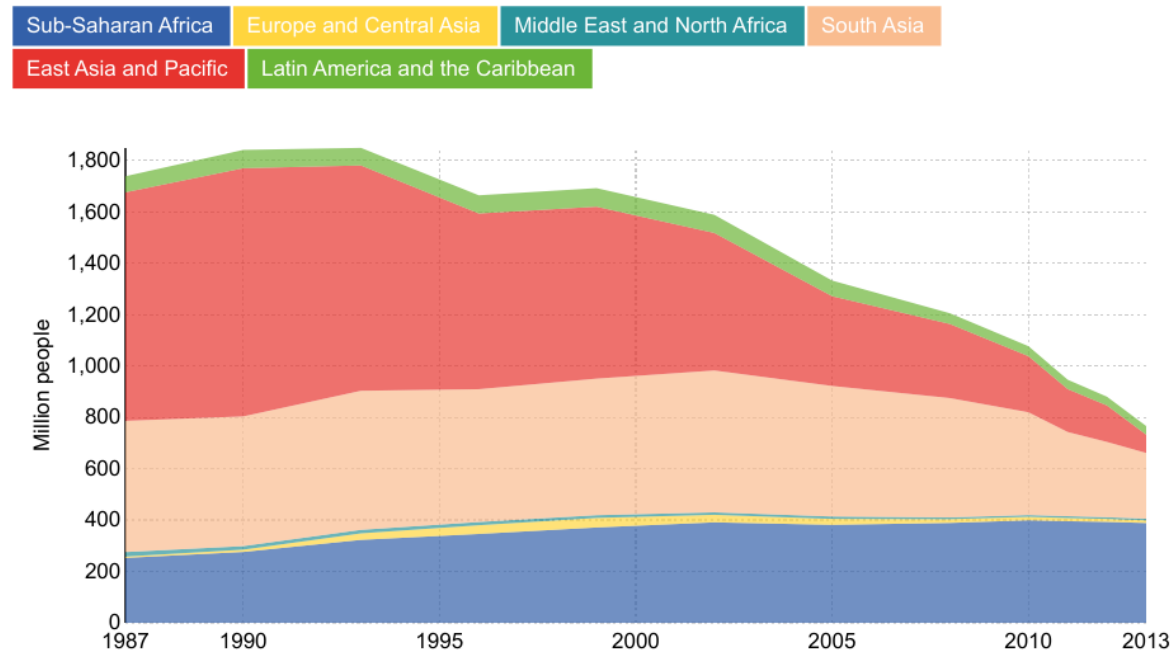
Note: 'Non-rich' countries are all countries in the world except: Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States.

# Poverty trends: regional variation

## Total population living in extreme poverty, by world region, 1987 to 2013

Numbers are in millions of people. Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.

OurWorld  
in Data



Source: World Poverty Absolute Number by Region - PovcalNet (World Bank)

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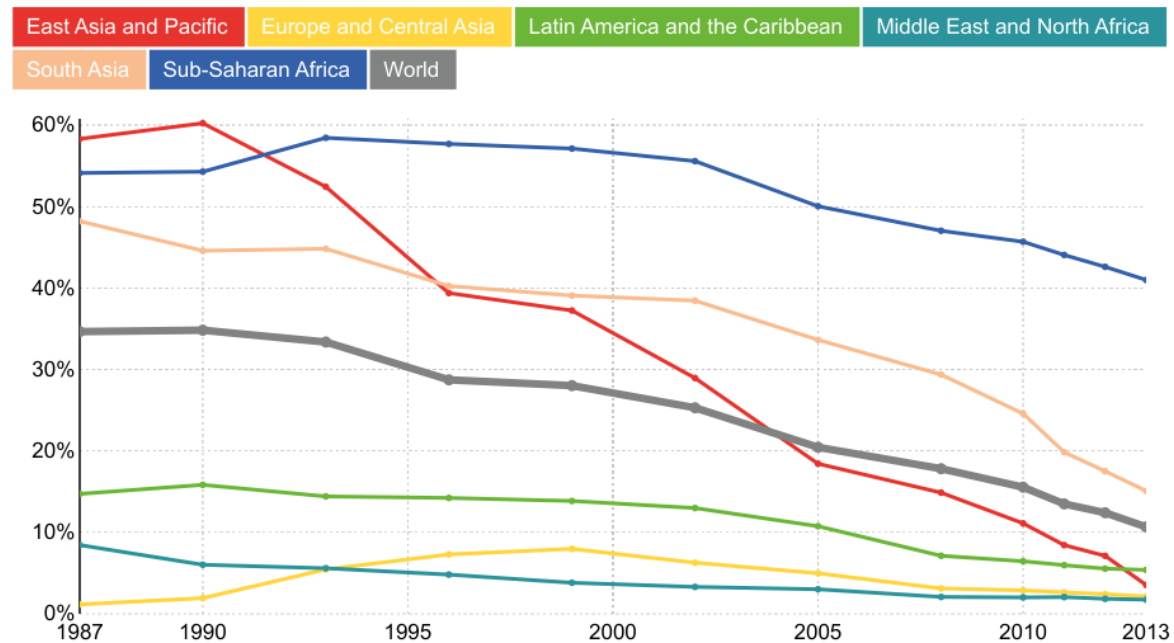
Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

# Poverty trends: regional variation

## Share of the population living in extreme poverty, by world region, 1987 to 2013

OurWorld  
in Data

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.

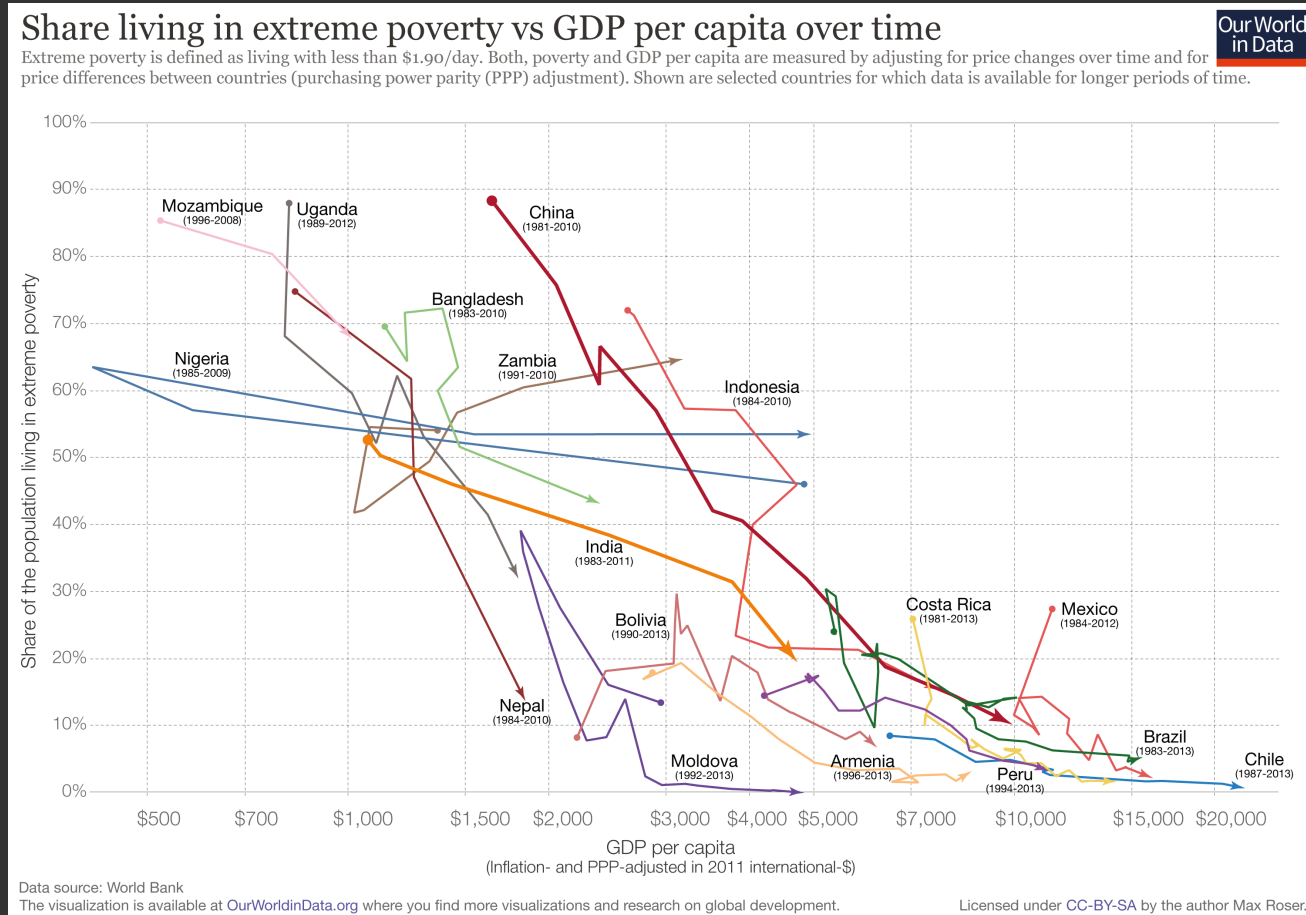


Source: Share of the population living in extreme poverty by world region - PovcalNet World Bank

OurWorldInData.org/extreme-poverty/ • CC BY-SA

Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

# Poverty trends: country-level variation



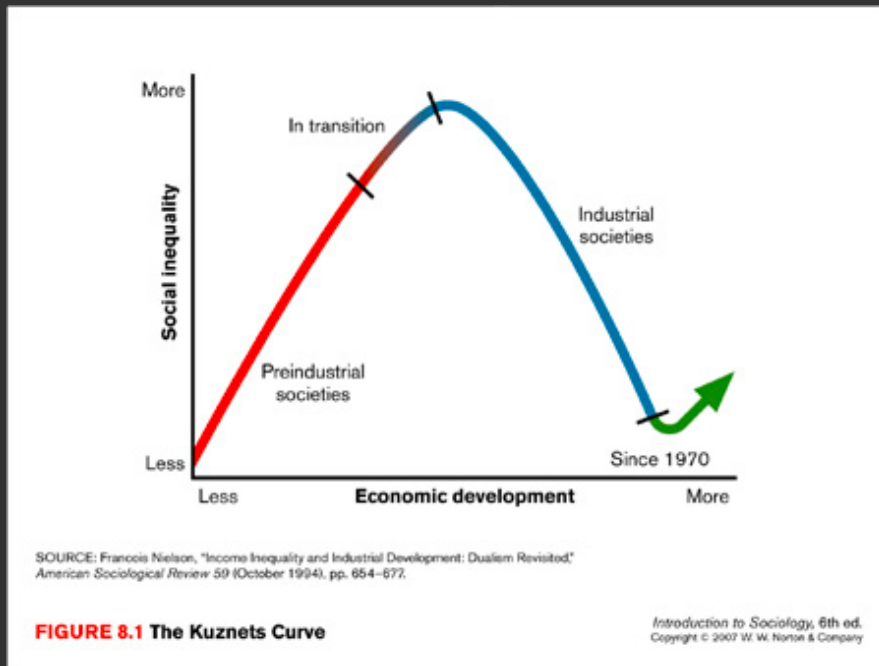


# Why?

- Why has prevalence of poverty declined?
- Why is there so much variation across regions and countries?

# Global economic inequality

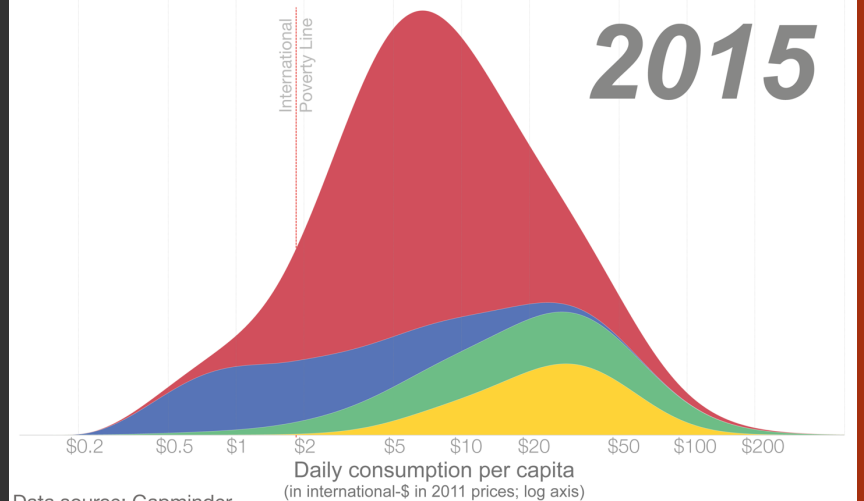
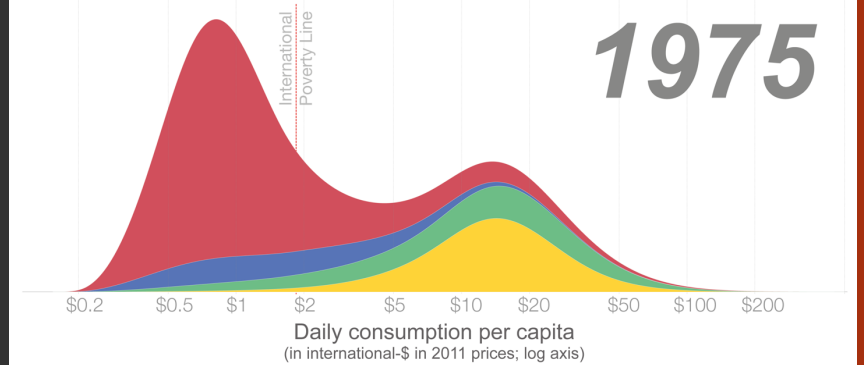
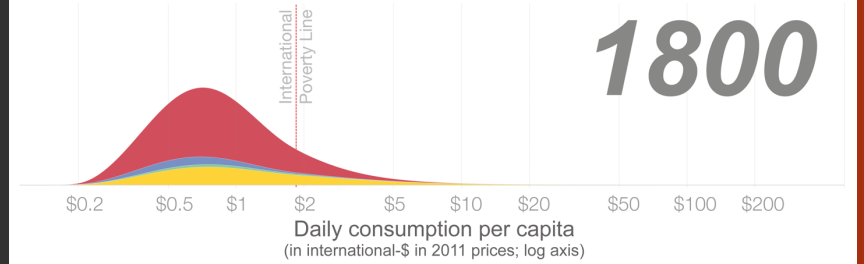
- Kuznets hypothesis: as countries industrialize and average incomes grow, inequality will at first increase and then decrease, resulting in an inverted-U-shaped curve when one plots inequality level against income



## Global income distribution in 1800, 1975, and 2010

Income is measured by adjusting for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment). These estimates are based on reconstructed National Accounts and within-country inequality measures. Non-market income (e.g. through home production such as subsistence farming) is taken into account.

Europe Asia and Pacific Africa North- and South America



Data source: Gapminder

The visualization is available at [OurWorldinData.org](http://OurWorldinData.org) where you find more visualizations and research on global development. Licensed under CC-BY-SA by the author Max Roser.

# Global economic inequality

# STARTING WITH PEOPLE

A human economy approach to inclusive growth in Africa

High levels of inequality across Africa have prevented much of the benefits of recent growth from reaching the continent's poorest people. To combat inequality in Africa, political and business leaders have to shape a profoundly different type of economy. It must start with the needs of Africa's women and young people for good quality sustainable jobs, rather than the needs of the richest and of foreign investors. Leaders must use economic policy, taxation policy and social spending to build a human economy for Africa.



The power of people against poverty

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## HUMANOSPHERE

Give a damn: News and analysis of the fight against inequality

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## Just 8 men own same wealth as half the world

Published: 16 January 2017

Eight men own the same wealth as the 3.6 billion people who make up the poorest half of humanity, according to a new report published by Oxfam today to mark the annual meeting of political and business leaders in Davos.

Oxfam's report, '**An economy for the 99 percent**', shows that the gap between rich and poor is far greater than had been feared. It details how big business and the super-rich are fuelling the inequality crisis by dodging taxes, driving down wages and using their power to influence politics. It calls for a fundamental change in the way we manage our economies so that they work for all people, and not just a fortunate few.



OXFAM

Karol Czuba, University of Toronto

BASICS

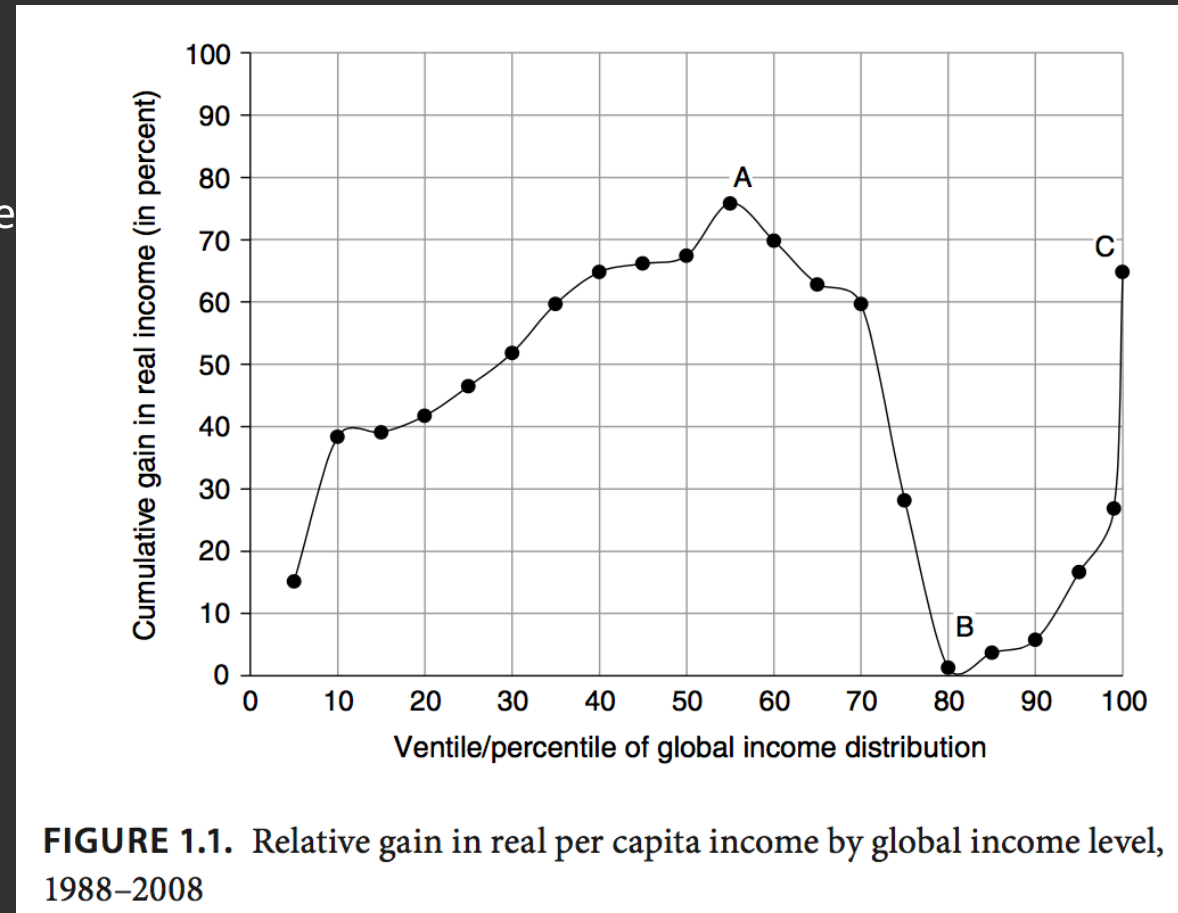
## Top incomes, inequality in China 'massively underestimated,' new study reveals

BY JOANNE LU ON 3 MAY 2017

0

# Global economic inequality: Milanović (2016)

- Making sense of the recent inequality trends:
  - Rise of the global middle class
  - Stagnation of middle- or lower-middle class groups in the rich world
  - Emergence of a global plutocracy
- Kuznets waves
  - Source: Milanović, Branko. 2016. *Global Inequality: A New Approach for the Age of Globalization*. Cambridge, MA: Harvard University Press.



# Why?

- What explains the inequality trends?

# Why?

- How do we make sense of all of this?
  - Divergent trends
  - Geographic concentration