

POLS 227

Africa in World Politics

Classes 7 & 8:
Inequality and exclusion

Kahoot!

Economic inequality

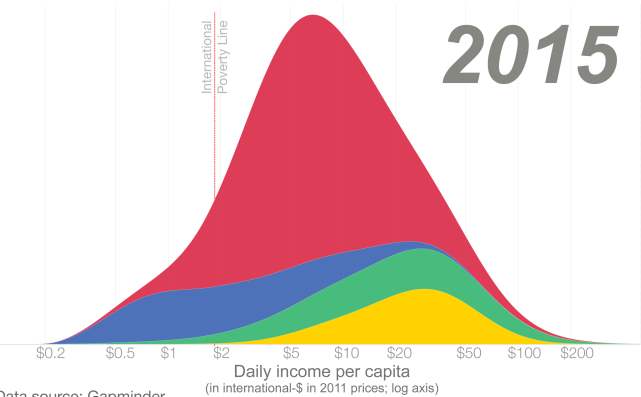
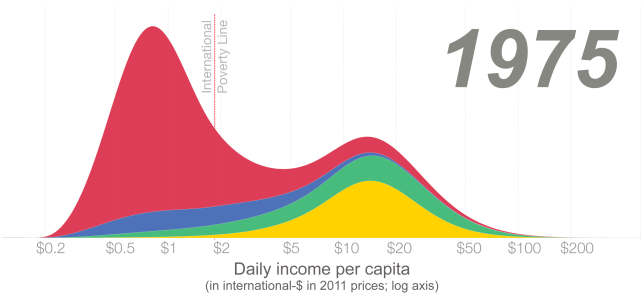
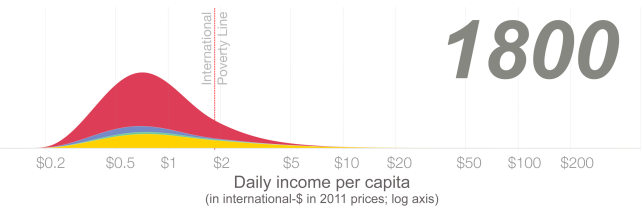
- Income inequality
- Wealth inequality

Global income inequality trends

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.

Legend: Europe (yellow), Asia and Pacific (red), Africa (blue), North- and South America (green)

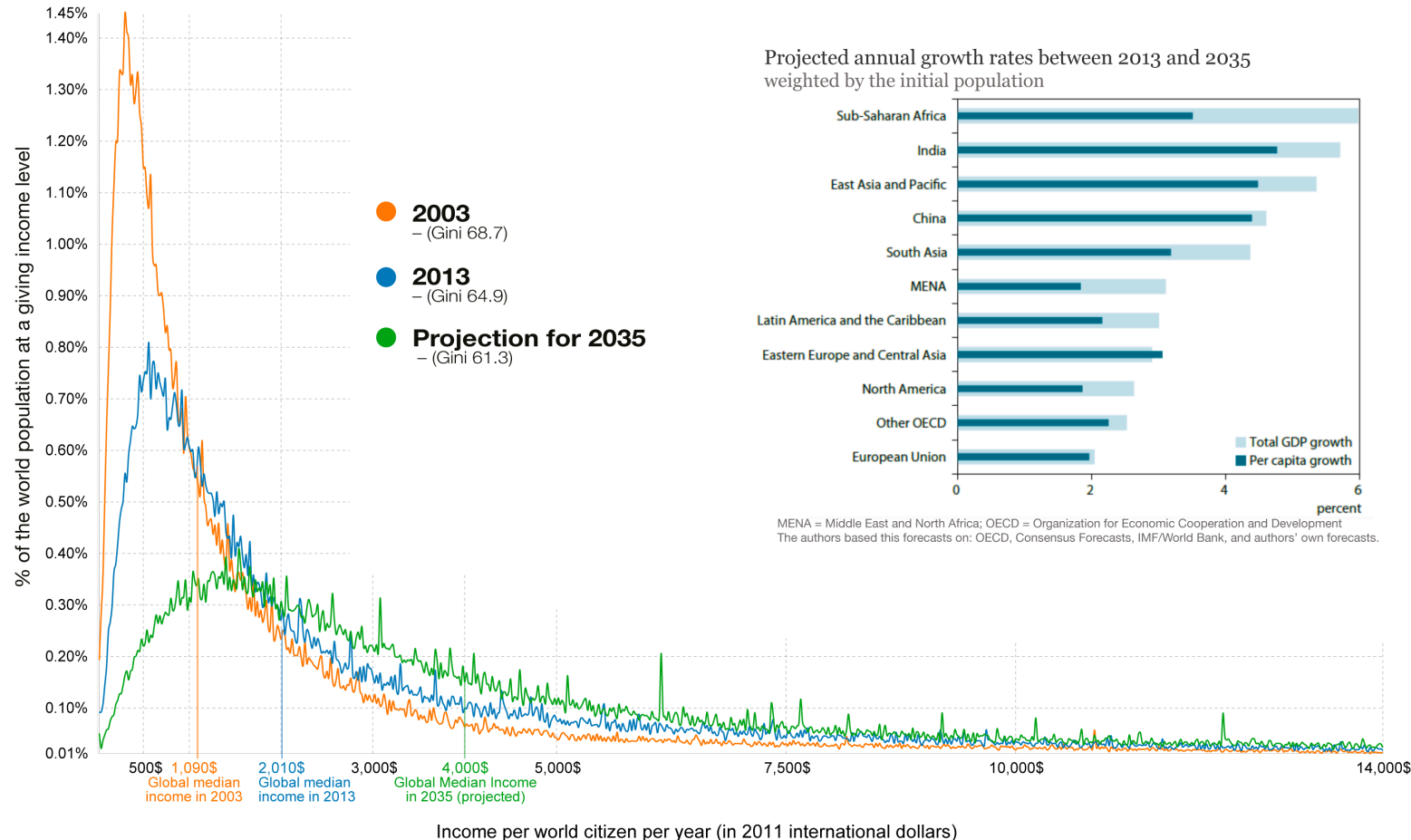


Data source: Gapminder
The visualization is available at [OurWorldInData.org](https://ourworldindata.org) where you find more visualizations and research on global development. Licensed under CC-BY-SA by the author Max Roser.

Global income inequality trends

The global income distribution in 2003, 2013, and the projection for 2035

Incomes are adjusted for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment).



Source for all data: Tomáš Hellebrandt and Paolo Mauro (2015) – The Future of Worldwide Income Distribution, working paper.

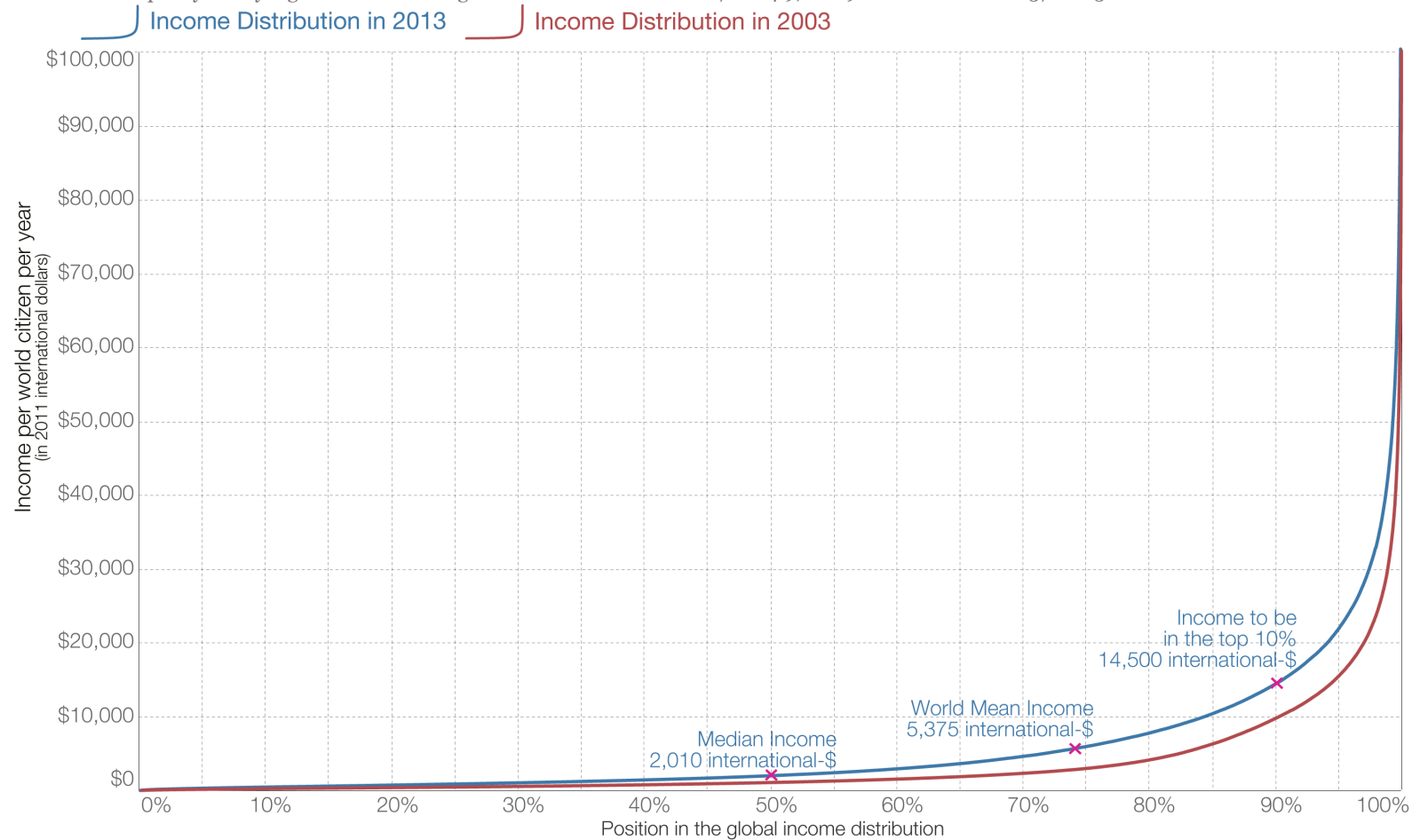
The interactive data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic.

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Global income inequality trends

The global income distribution in 2003 and 2013

Incomes are adjusted for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment). Global inequality is very high but it is declining: The Gini declined from 68.7 to 64.9; The 90:10 ratio fell from 37.6 to 30.2.

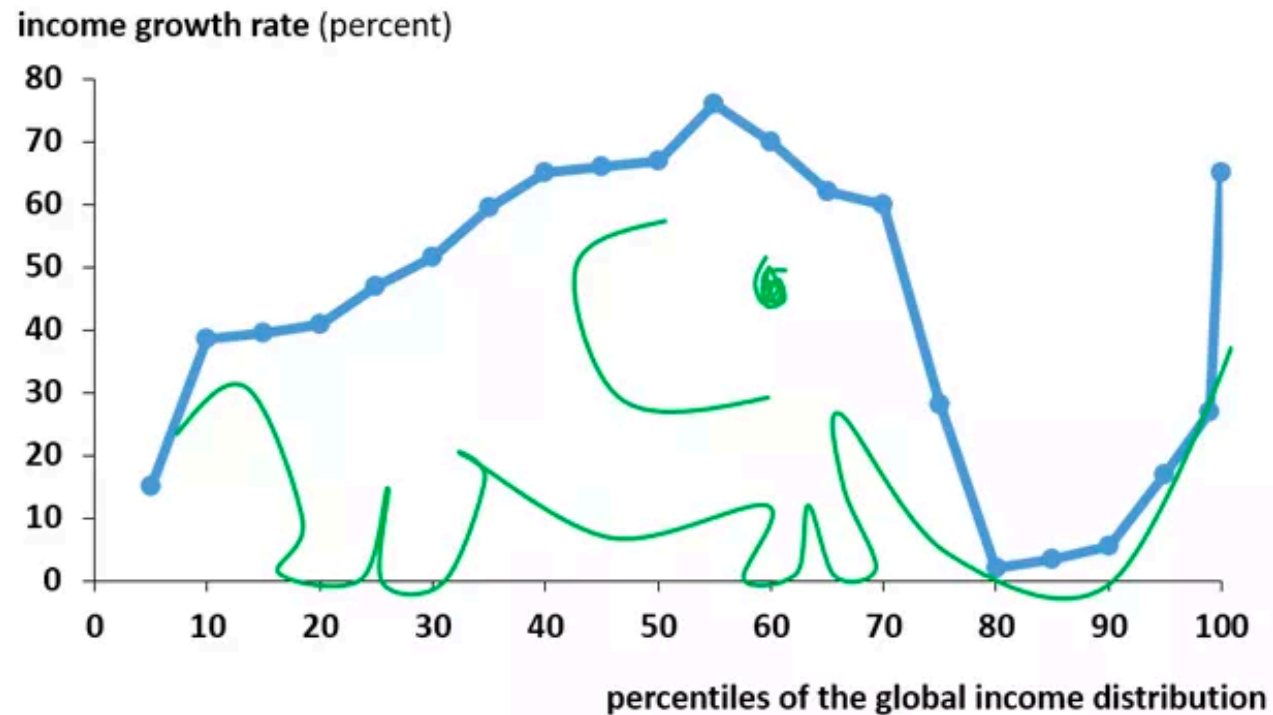


Data source: Tomáš Hellebrandt and Paolo Mauro (2015) – The Future of Worldwide Income Distribution, working paper.
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Global income inequality trends

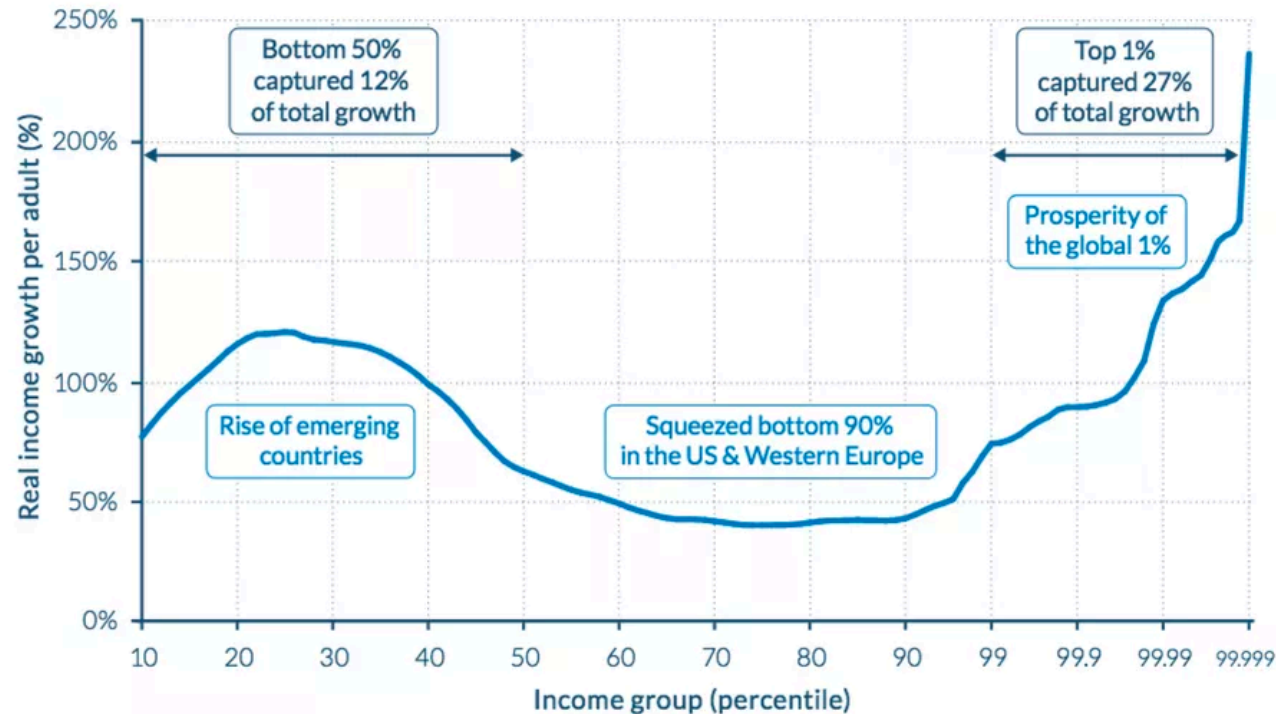
Global inequality has declined: Growth incidence curve, 1988-2008



Global income inequality trends

Figure 2.1.4

Total income growth by percentile across all world regions, 1980–2016

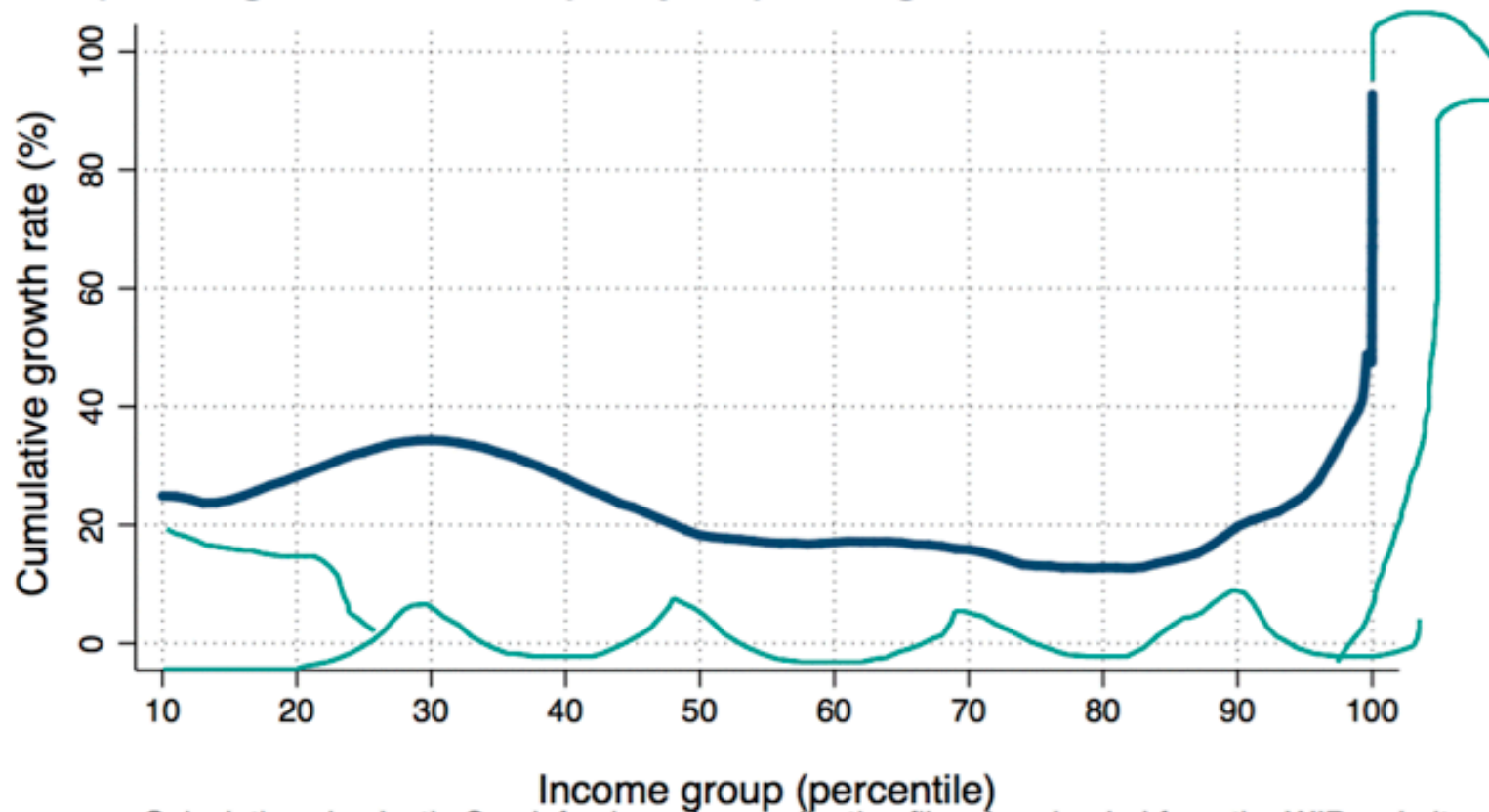


Source: WID.world (2017). See wir2018.wid.world for more details.

On the horizontal axis, the world population is divided into a hundred groups of equal population size and sorted in ascending order from left to right, according to each group's income level. The Top 1% group is divided into ten groups, the richest of these groups is also divided into ten groups, and the very top group is again divided into ten groups of equal population size. The vertical axis shows the total income growth of an average individual in each group between 1980 and 2016. For percentile group p99p99.1 (the poorest 10% among the world's richest 1%), growth was 74% between 1980 and 2016. The Top 1% captured 27% of total growth over this period. Income estimates account for differences in the cost of living between countries. Values are net of inflation.

Global income inequality trends

Replicating the World Inequality Report, Figure E4, limited to 1988-2008



Calculations by Justin Sandefur, based on replication files downloaded from the WID website (2a - world-gic.do), with an alternative date range.

Global income inequality trends: the impact of China and India

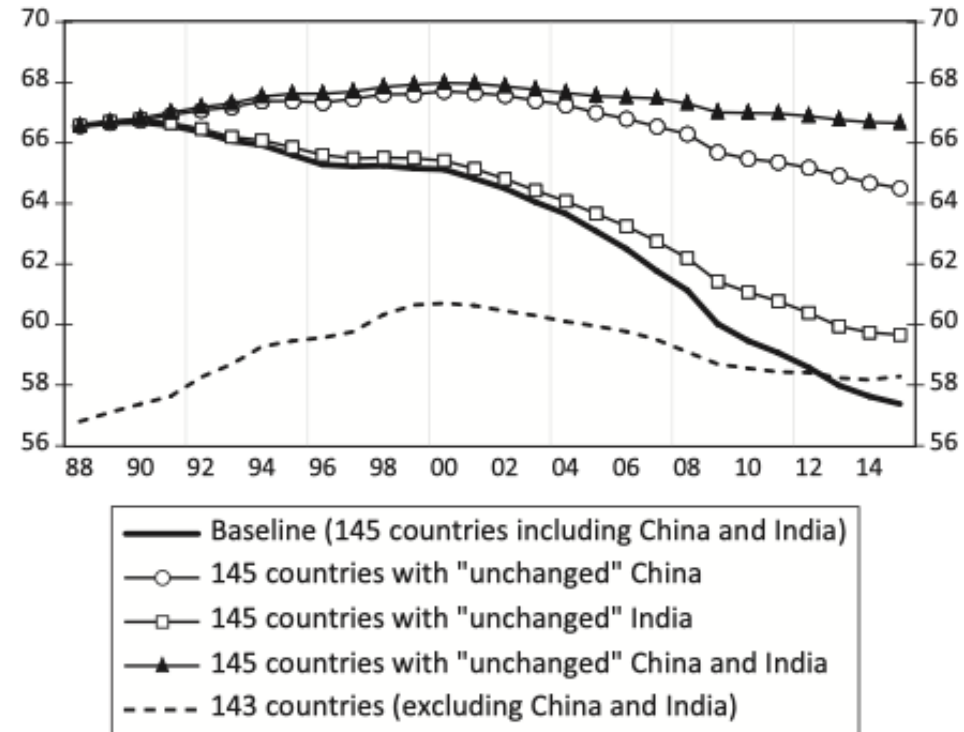


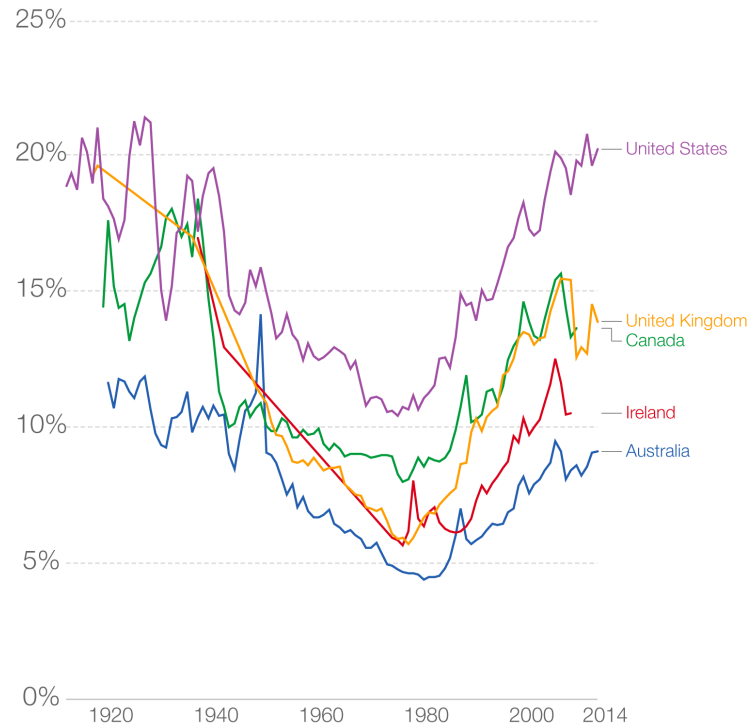
Fig. 6. The impact of China and India on global income inequality developments, 1988–2015. Source: author's calculations, using the two-parameter method based on the Log-normal distribution, in the deterministic setting. Note: disposable income (after taxes and transfers) is considered.

Within-country income inequality trends

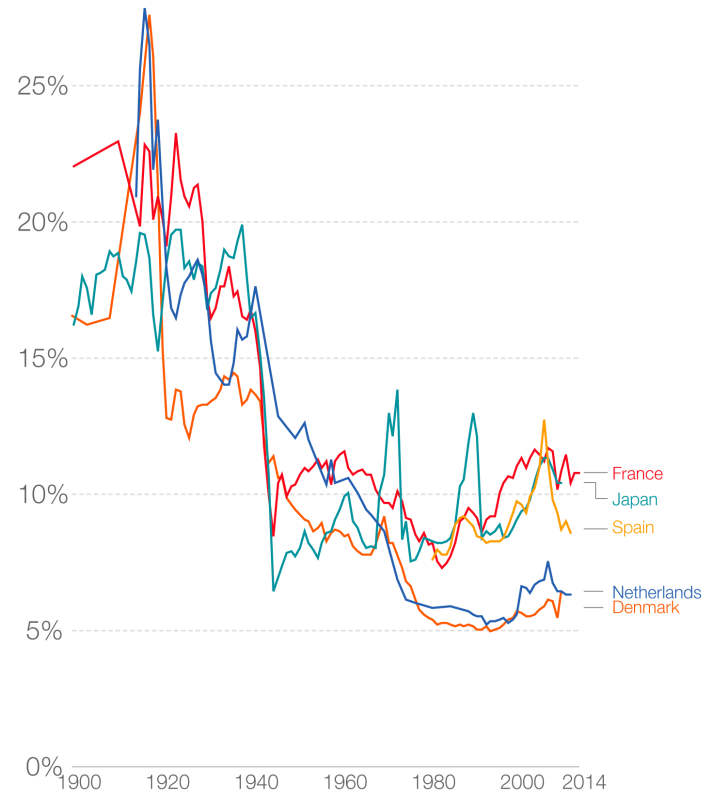
Our World
in Data

Share of Total Income going to the Top 1% since 1900

The evolution of inequality in English speaking countries followed a U-shape

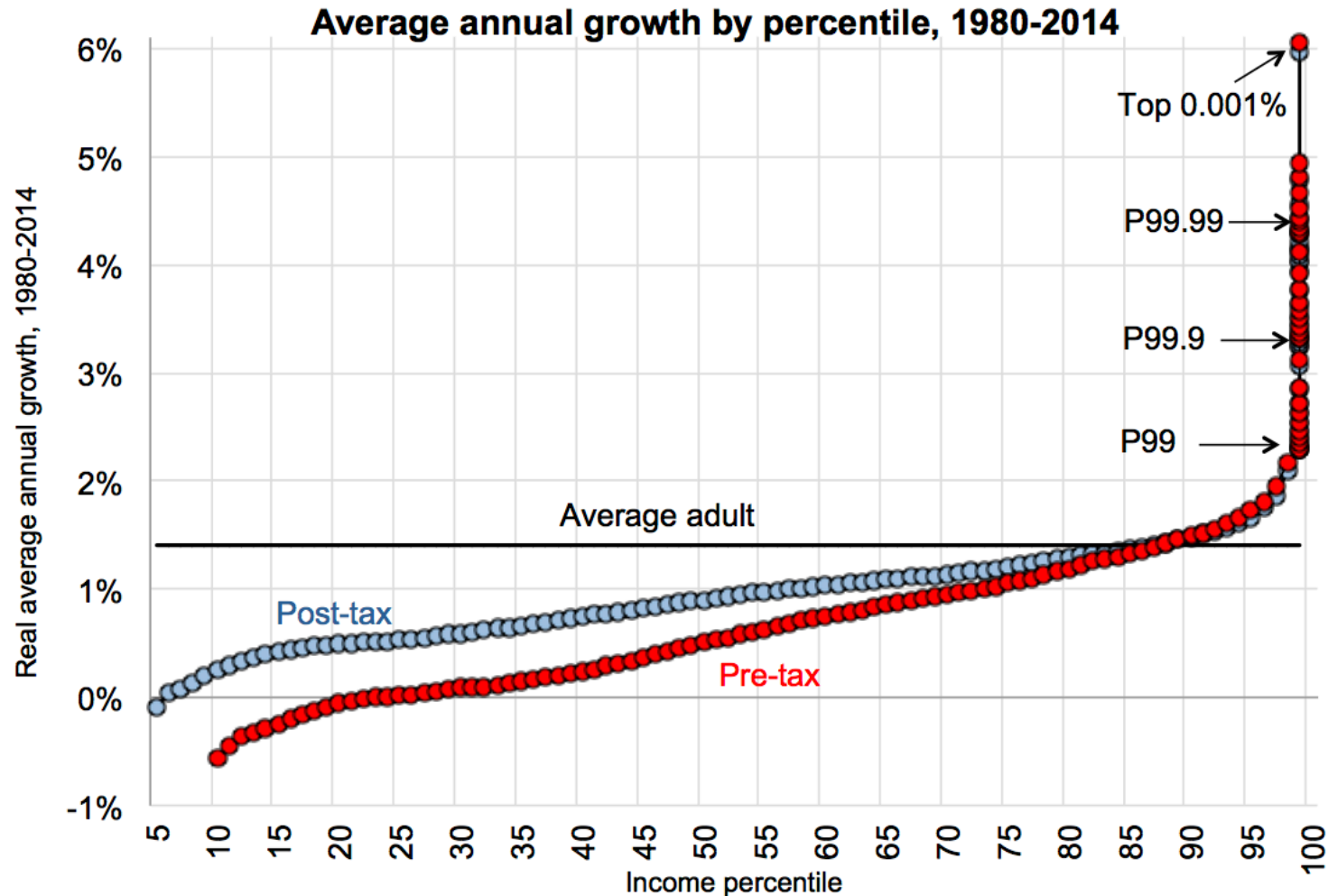


The evolution of inequality in continental Europe and Japan followed an L-shape



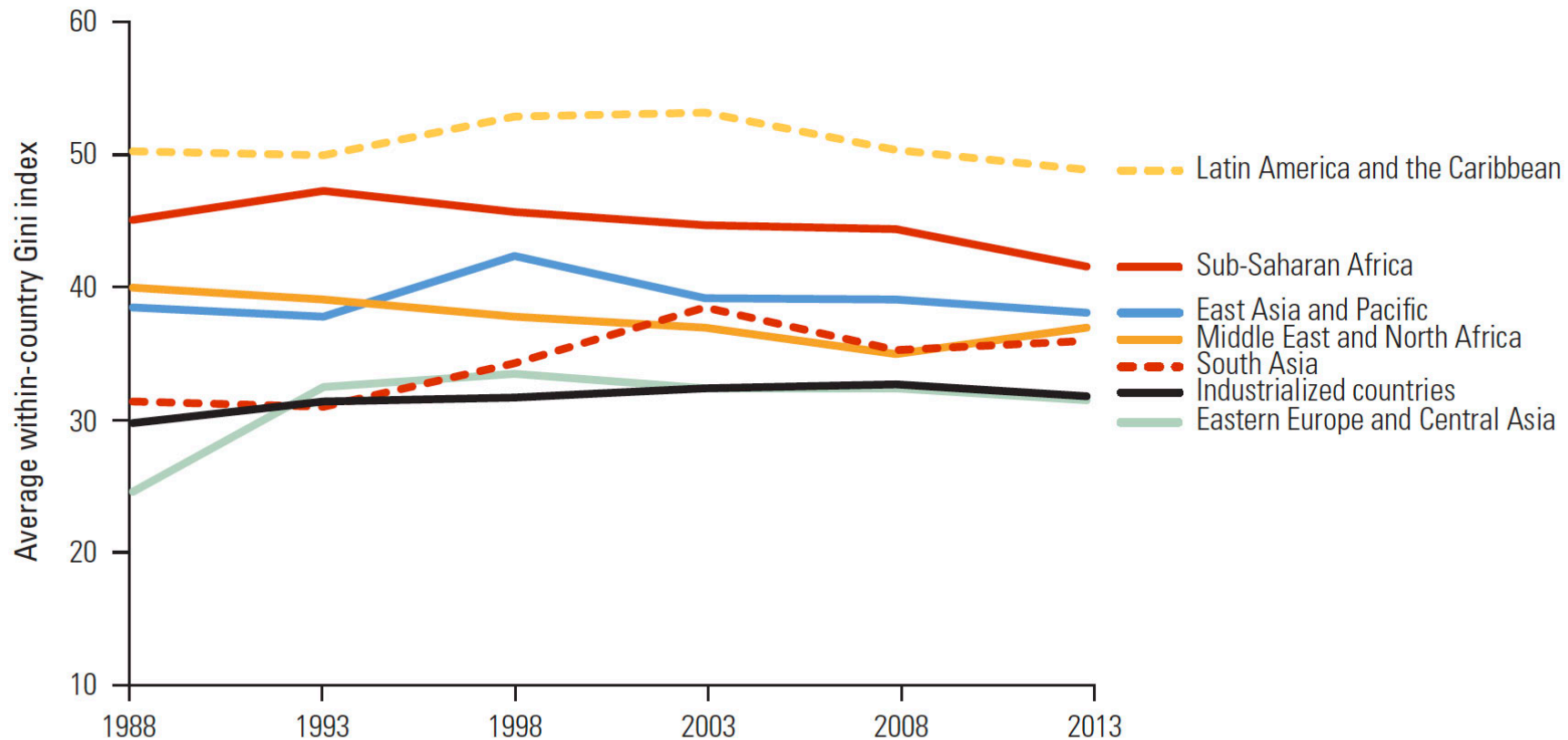
Data source: World Wealth and Income Database (2018). This is income before taxes and transfers. This data visualisation is available at OurWorldinData.org. There you find the raw data and more visualisations on inequality and how the world is changing. Licensed under [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) by the author Max Roser.

Within-country income inequality trends: the United States



Regional income inequality trends

Trends in the average economic inequality within countries, by world region – 1988-2013

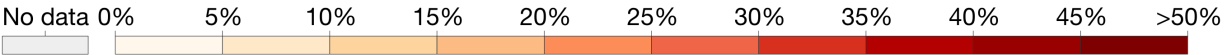
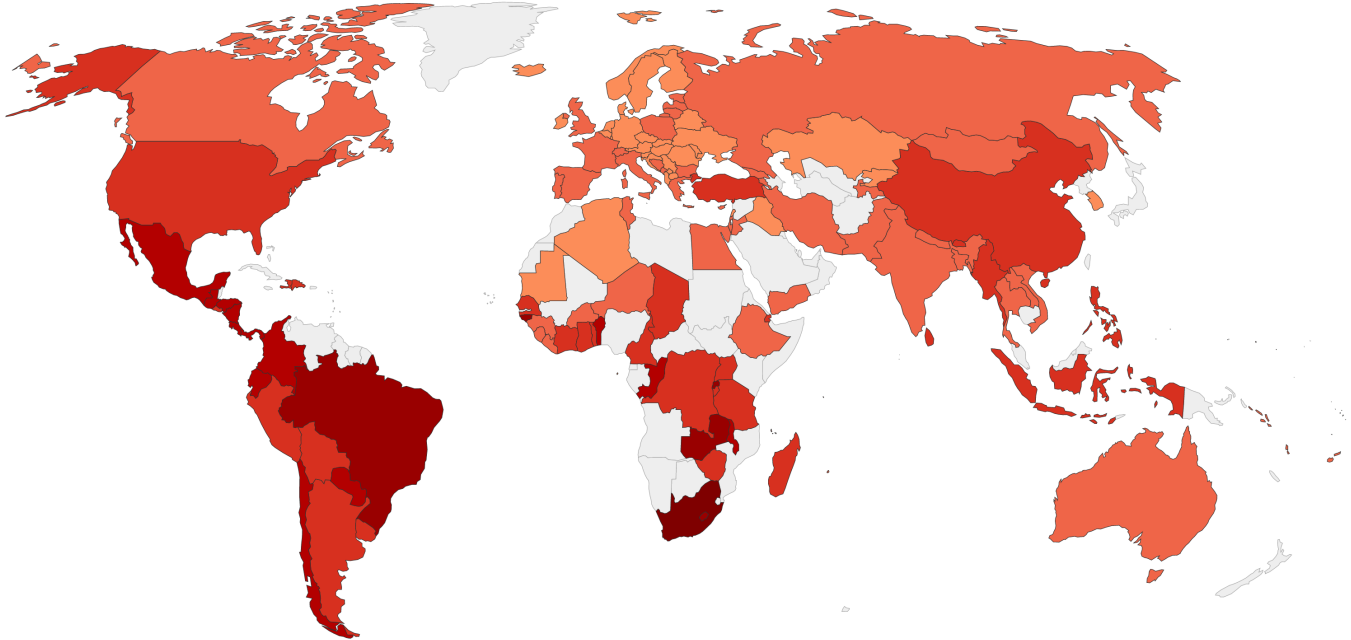


Source: The World Bank (2016) – Poverty and Shared Prosperity 2016: Taking on Inequality. Reformatted for OurWorldInData.org
Original data source: World Bank calculations based on data in Milanovic 2014; PovcalNet (online analysis tool).

Regional income inequality trends

Income share held by richest 10%, 2015

Percentage share of income or consumption accruing to the richest 10% of the population. In a country with 100 people, if you rank them by income the share of the top 10% corresponds to the sum of incomes of the top 10 people, as a proportion of total income in that country.

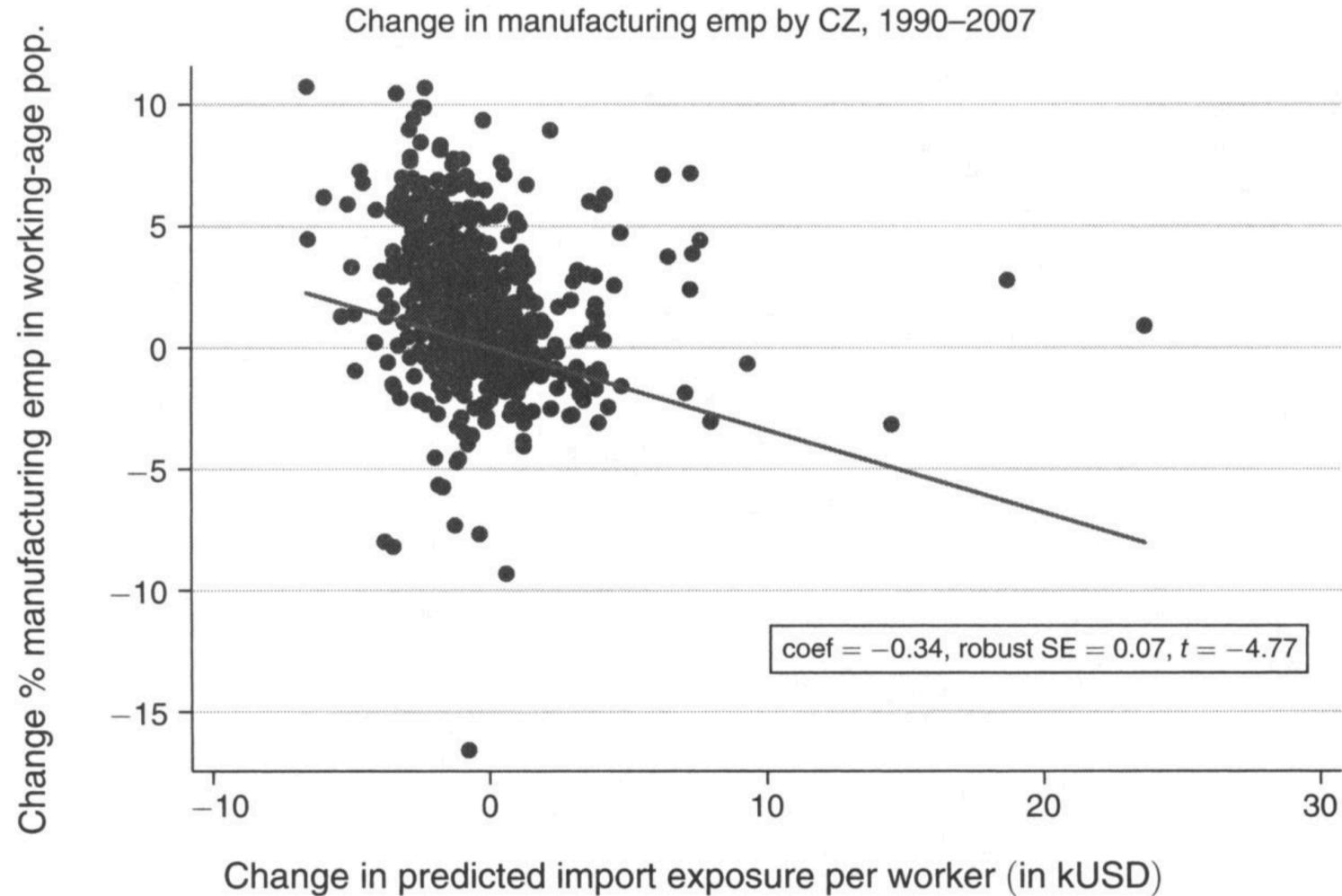


Source: World Bank

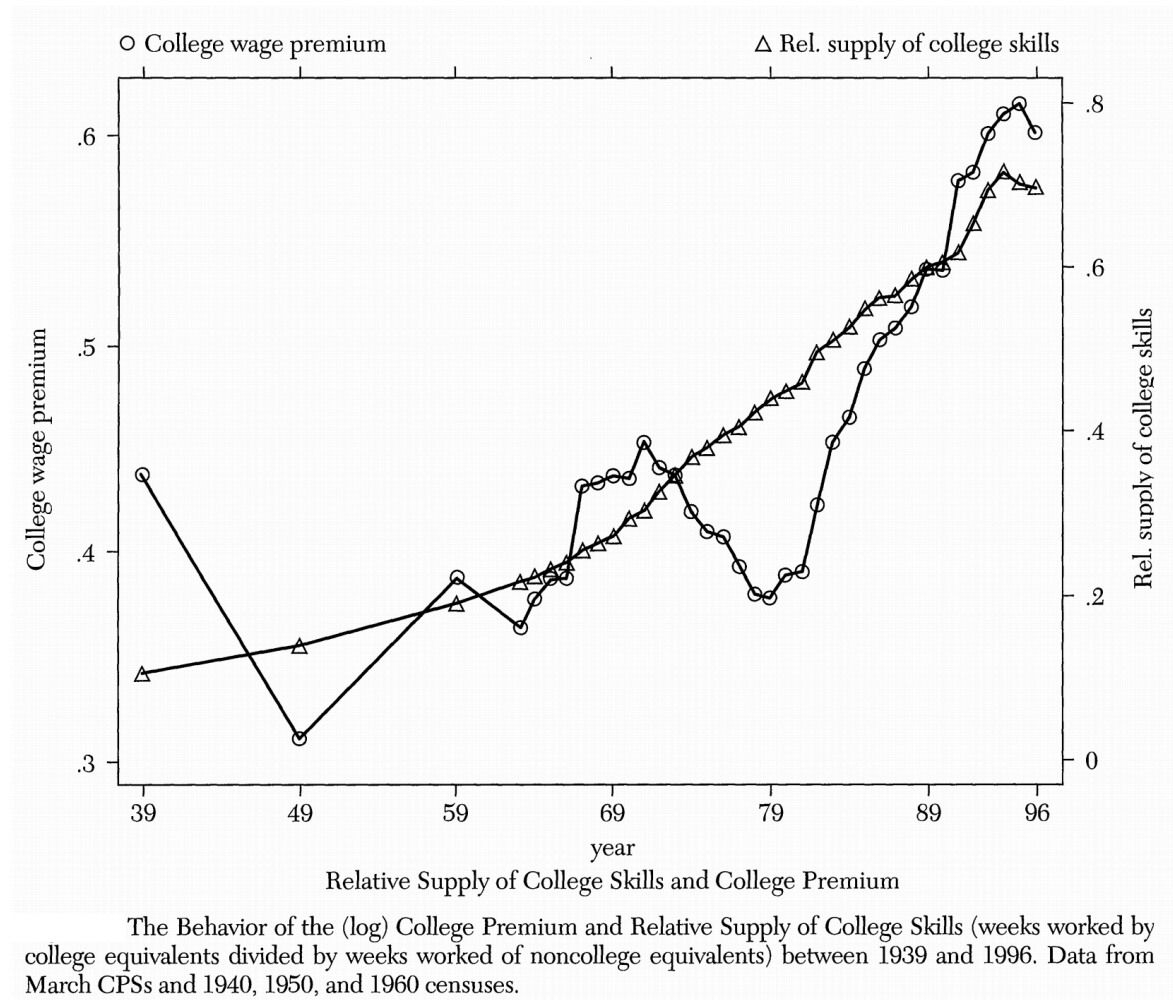
OurWorldInData.org/income-inequality/ • CC BY

What explains the income
inequality trends?

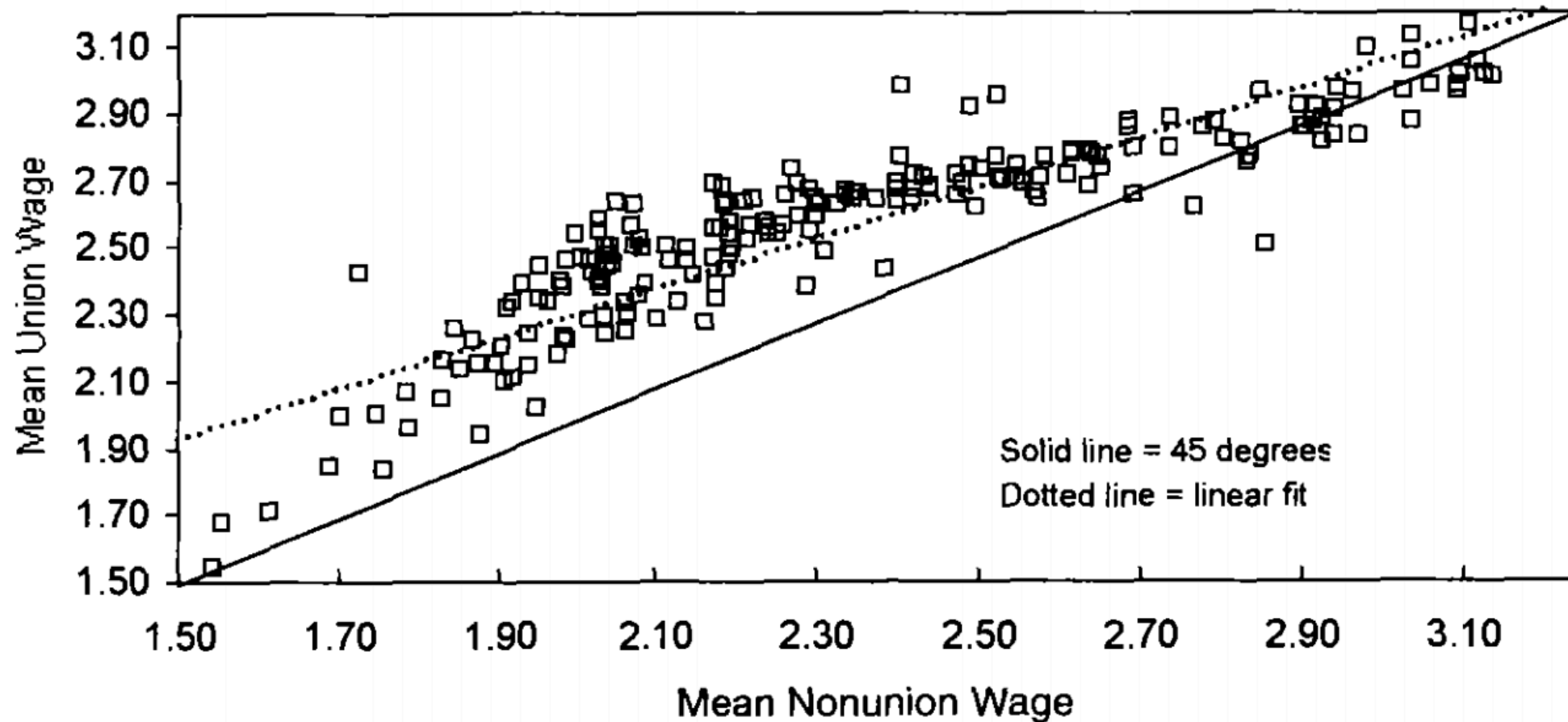
Globalization



Technological change



Bargaining power



Redistribution

Inequality of incomes before and after redistribution

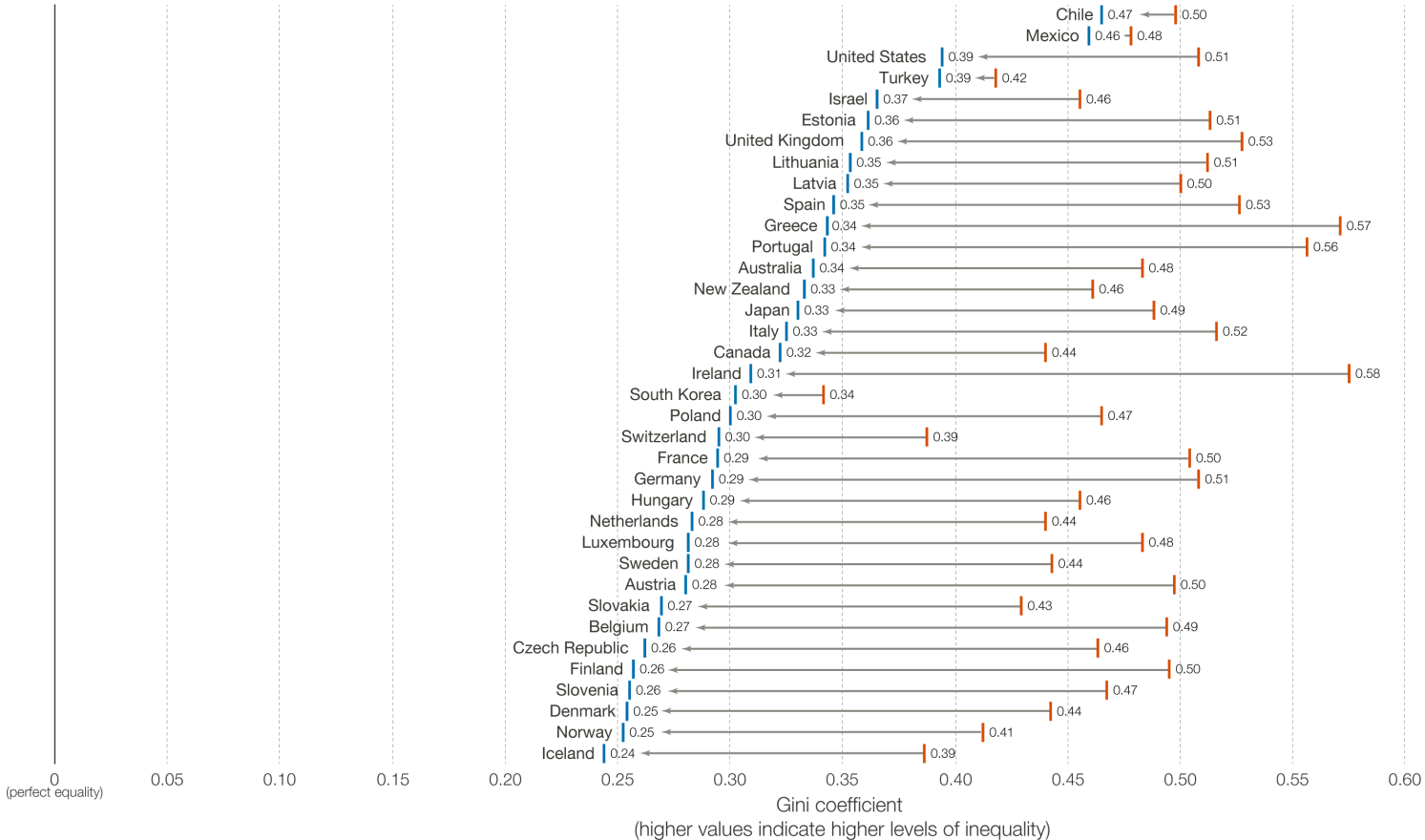


Inequality of incomes, as measured by the Gini Coefficient. Higher values reflect more inequality.

▮ The red bar shows the level of 'market income' inequality (gross wages and salaries + self-employment income + capital and property income).

▮ The blue bar shows the level of 'disposable income' inequality (disposable income = market income + social security cash transfers + private transfers - income tax).

Shown is the latest available data, which depending on the country is from 2012 to 2014.



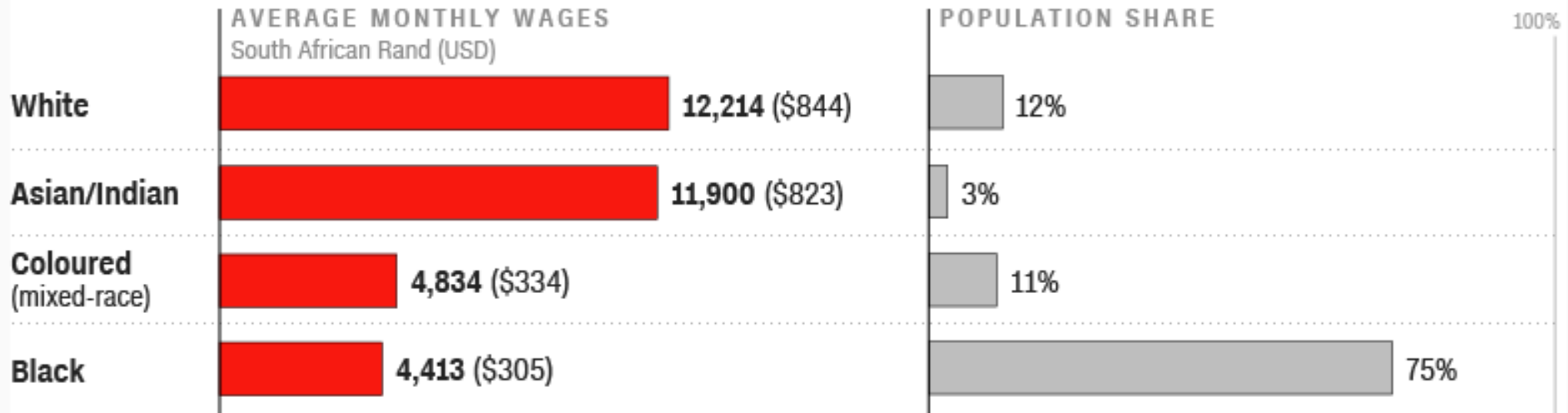
Data source: OECD
The data visualization is available at [OurWorldinData.org](https://ourworldindata.org). There you find the raw data and more visualizations on this topic.

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Political exclusion

What each group earns

White South Africans earn nearly three times the average wage of black South Africans, who constitute three-quarters of the work force.



Source: National Income Dynamics Study from 2008 to 2014/15
Note: South African Rand to Dollar conversion at current rate in May 2019

What are the consequences of
inequality?

Political exclusion

- Drutman:
 - 2010 election cycle in the US:
 - The richest 0.01% of Americans = 24.3% of individual donations to election campaigns
 - Drutman, Lee. 2011. "The political one percent of the one percent." Sunlight Foundation.

Political exclusion

- Page et al.:
 - The richest 1% of Americans much more conservative than the American public w.r.t.:
 - Taxation
 - Economic regulation
 - Social welfare programs
 - Page, Benjamin I., Larry M. Bartels, and Jason Seawright. 2013. "Democracy and the Policy Preferences of Wealthy Americans." *Perspectives on Politics* 11 (1): 51–73.

Political exclusion



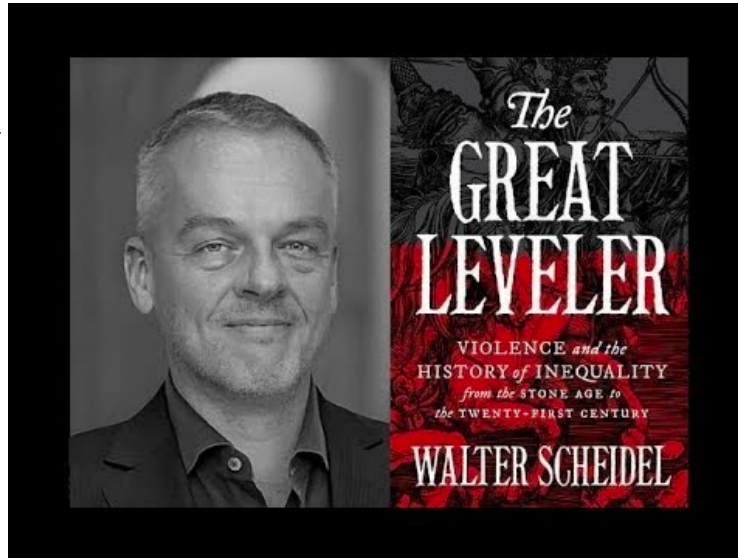
How can inequality be reduced?

Social unrest

- Acemoglu and Robinson:
 - Introduction of redistributive programs in 19th c. Europe as a strategic elite effort to prevent widespread social unrest and revolution
 - Acemoglu, Daron, and James A. Robinson. 2000. "Why Did the West Extend the Franchise?" *The Quarterly Journal of Economics*, no. November: 1167–99.

The great leveler

- Scheidel:
 - Substantial inequality reduction only made possible by the 'four horsemen' of leveling:
 - Mass mobilization warfare
 - Transformative revolutions
 - State collapse
 - Plague
 - Scheidel, Walter. *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-first Century*. Princeton, Princeton University Press, 2017.

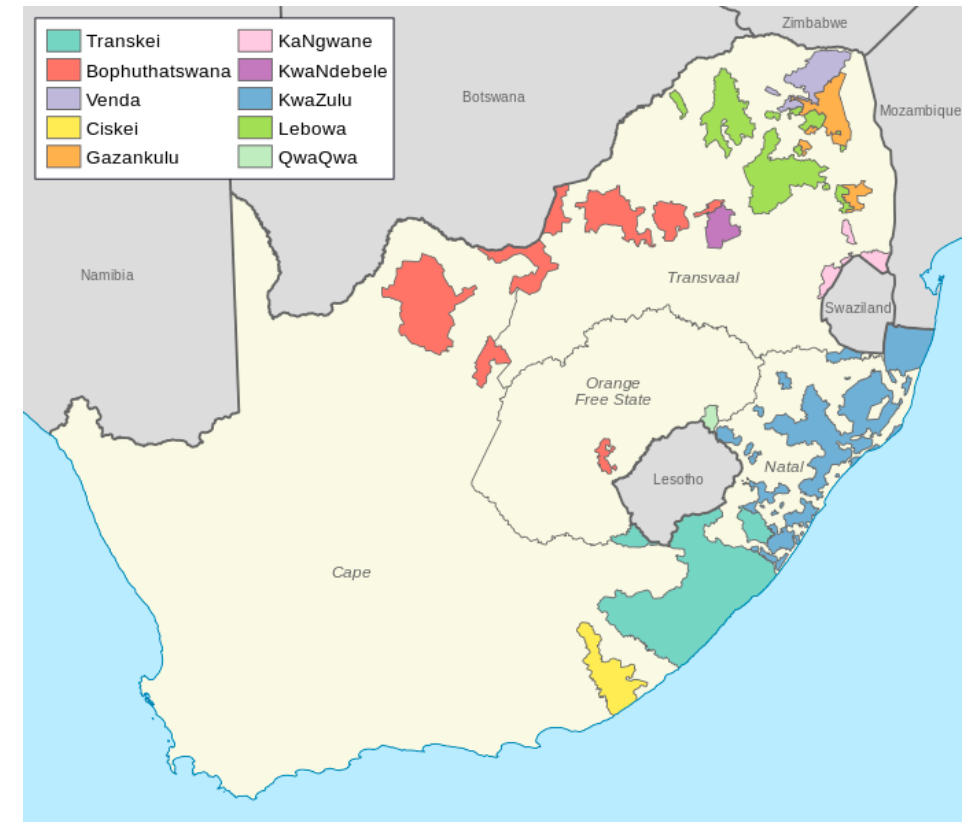
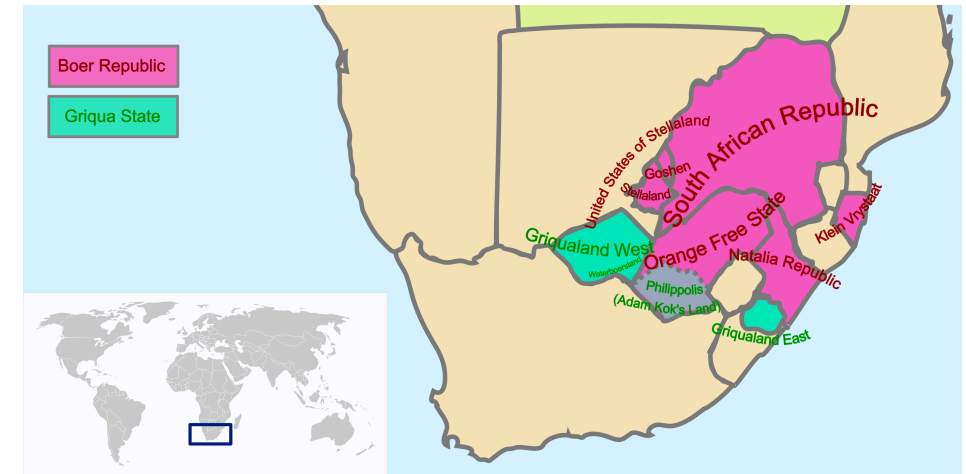


What can Africa's experience of inequality tell us about the phenomenon?

Case study: South Africa

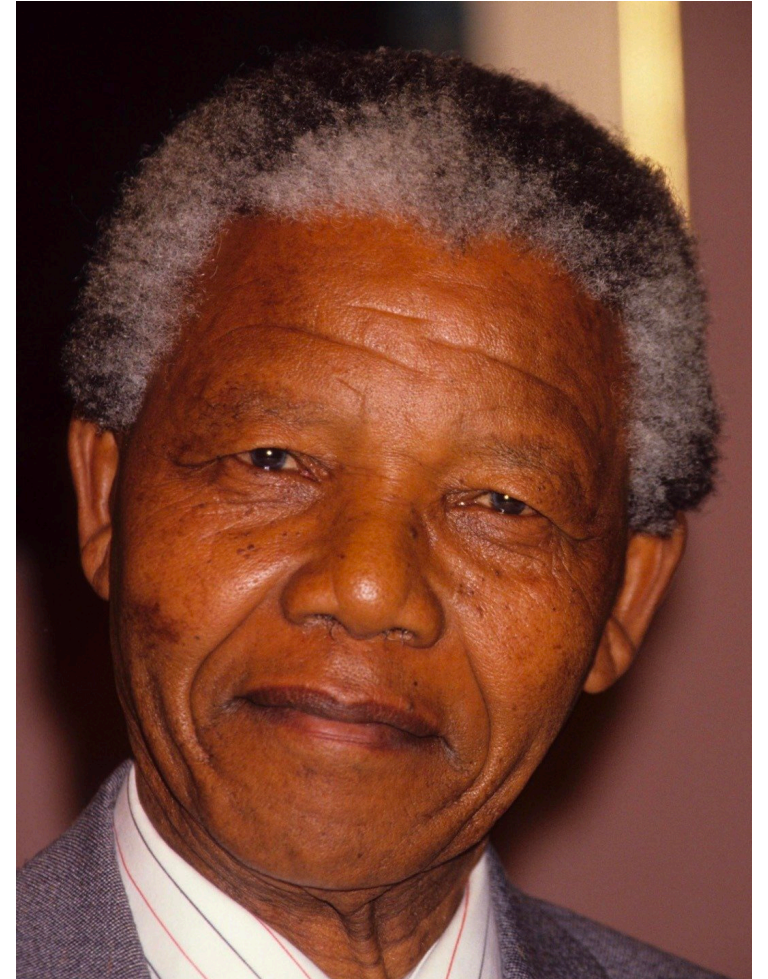
- Dutch settler colonialism from the 17th c.
- British colonization, Great Trek, and Boer Republics
- Boer War (1899-1902) and the Union of South Africa
- 1948 election and the National Party
- Apartheid
- Homelands / Bantustans

https://en.wikipedia.org/wiki/File:Bantustans_in_South_Africa.svg
https://en.wikipedia.org/wiki/Boer_Republics#/media/File:BoerGriquaRepublics.svg



Case study: South Africa

- Political tensions and majority mobilization
- Pressure on the National Party
- 1994 elections and the end of apartheid

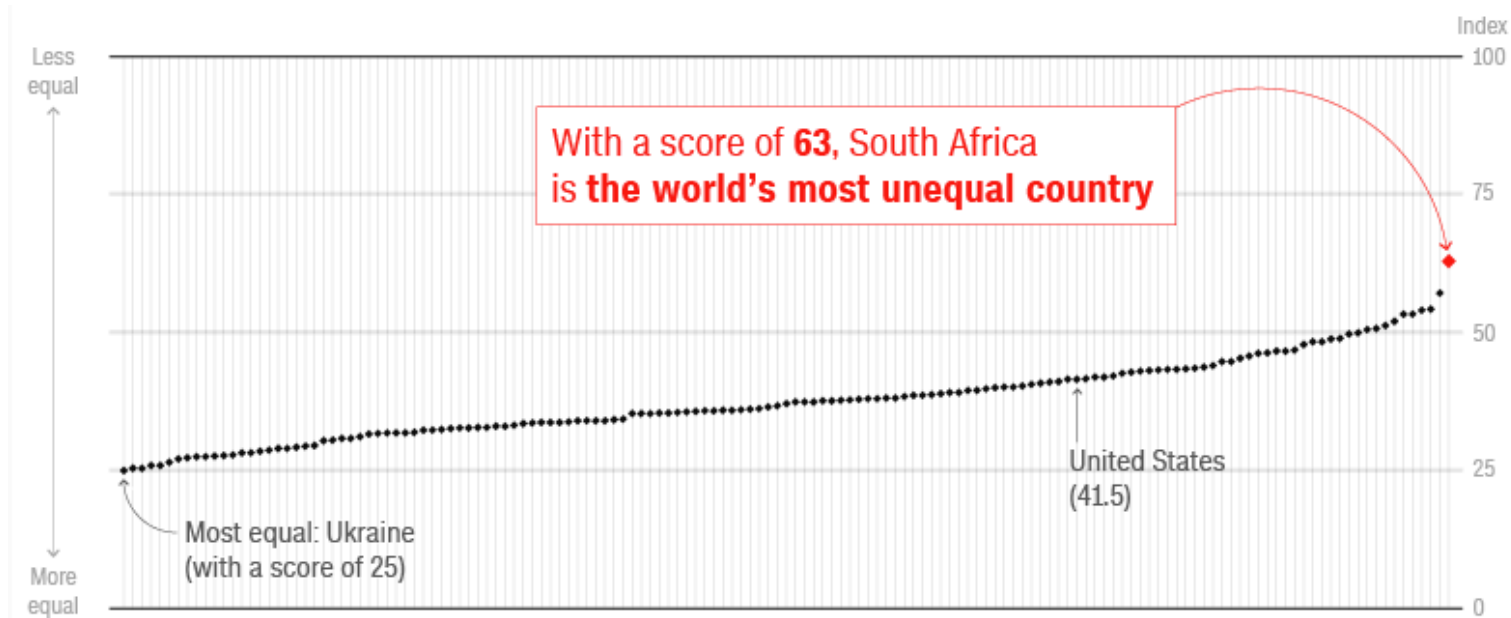


Case study: South Africa



<https://www.cnn.com/2019/05/07/africa/south-africa-elections-inequality-intl/index.html>

Case study: South Africa



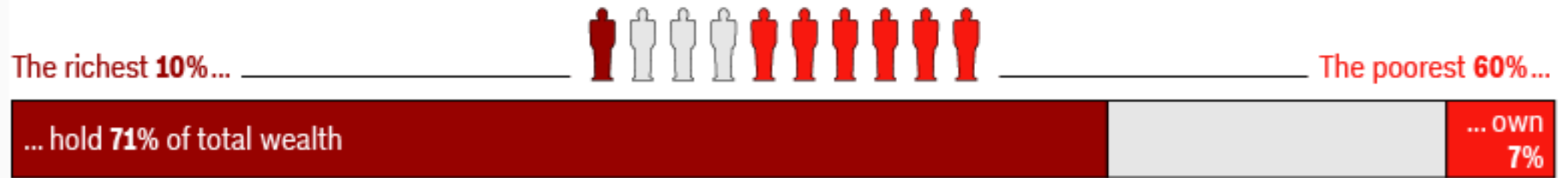
Inequality in South Africa has been consistently high since the end of apartheid



Source: Chart is based on World Bank estimates from countries with data available, ranging from 1990–2015. Data are based on primary household survey data obtained from government statistical agencies and World Bank country departments.

Case study: South Africa

How is wealth distributed in South Africa?

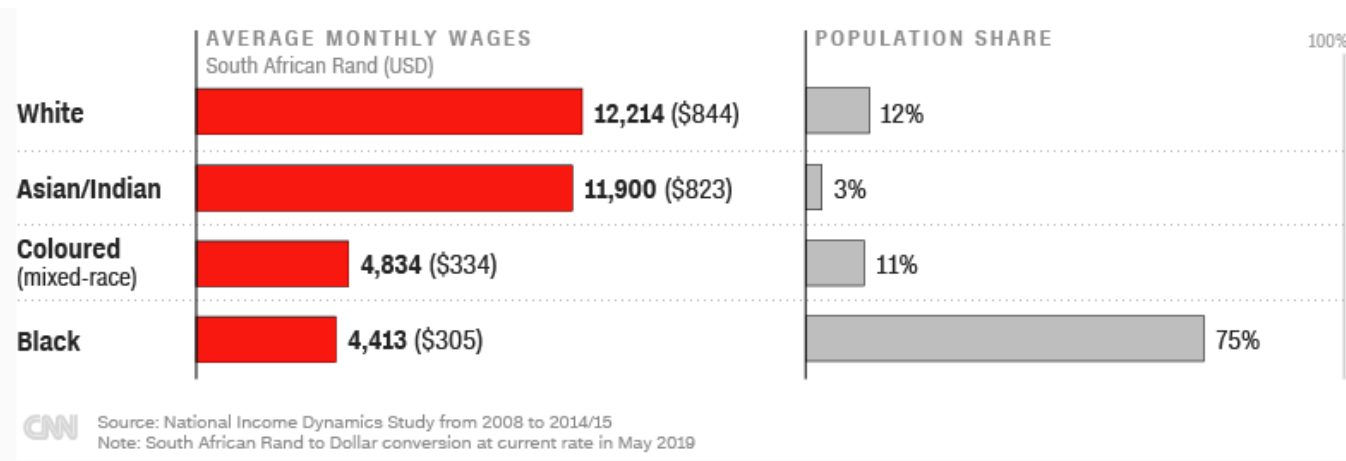
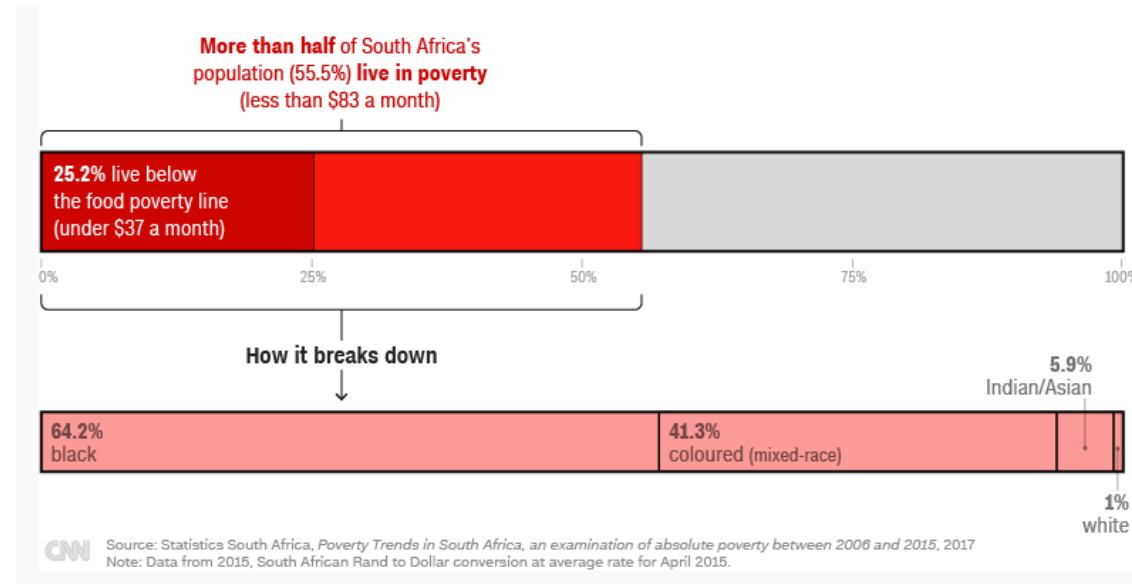


OECD AVERAGE:



Source: World Bank and University of South Africa, 2011–2015.

Case study: South Africa



What can the world's most unequal country tell us about inequality, its causes and consequences, and efforts to reduce it?