# POLS 280:
# Politics of Development and Foreign Aid

Class 1:

Introduction

The great divide—poverty, illbeing, inequality, exclusion, and conflict

# Welcome to POLS 280!

# Plan for today

- Introductions
- Course overview
- Poverty, illbeing, inequality, exclusion, and conflict

# Development in political peripheries

# Development in political peripheries

- Early 2010s:



Marsabit, Northern Kenya

Matany, Karamoja, Uganda

# Development in political peripheries

- 2019:



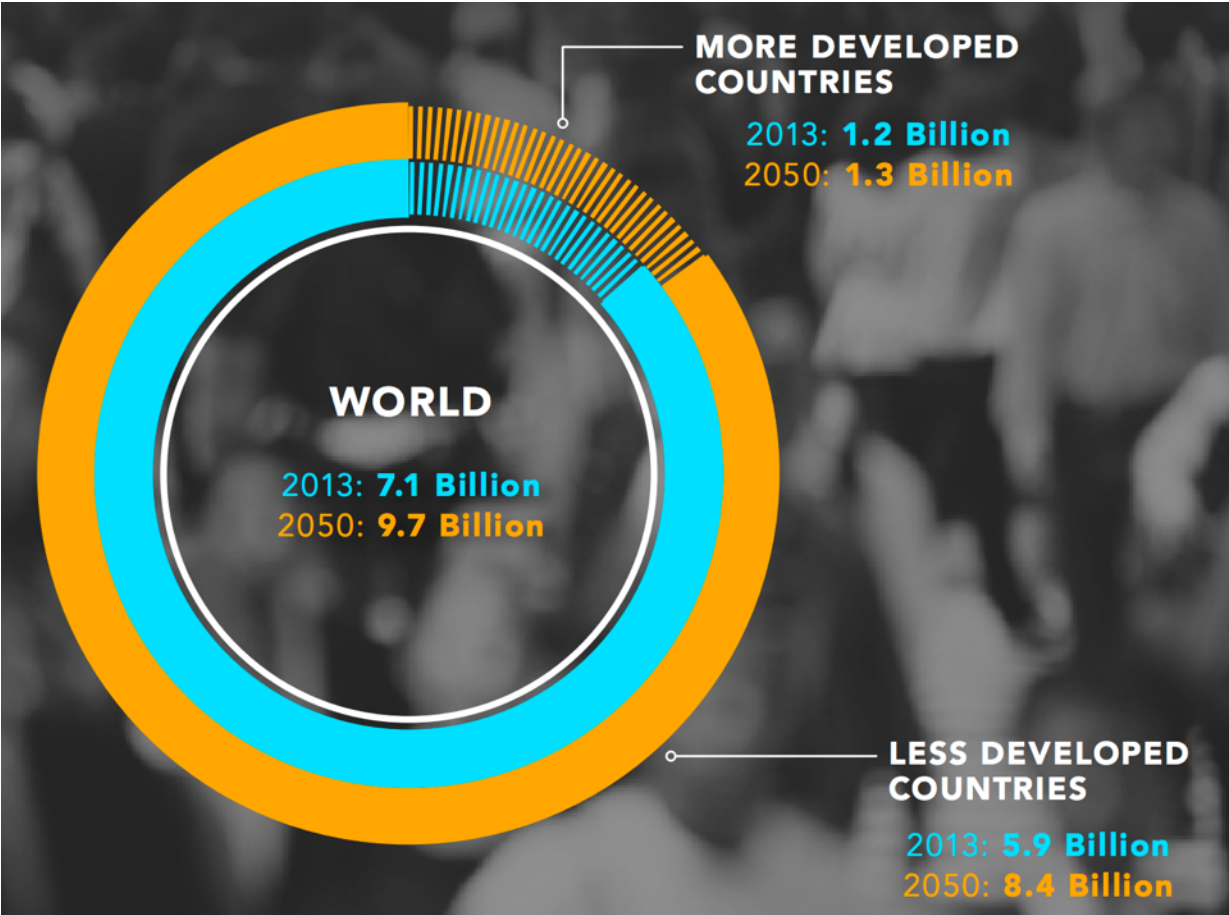Marsabit, Northern Kenya

Yabelo, Borena, Ethiopia

# Redistribution of political power

# Developing / less developed countries / Global South
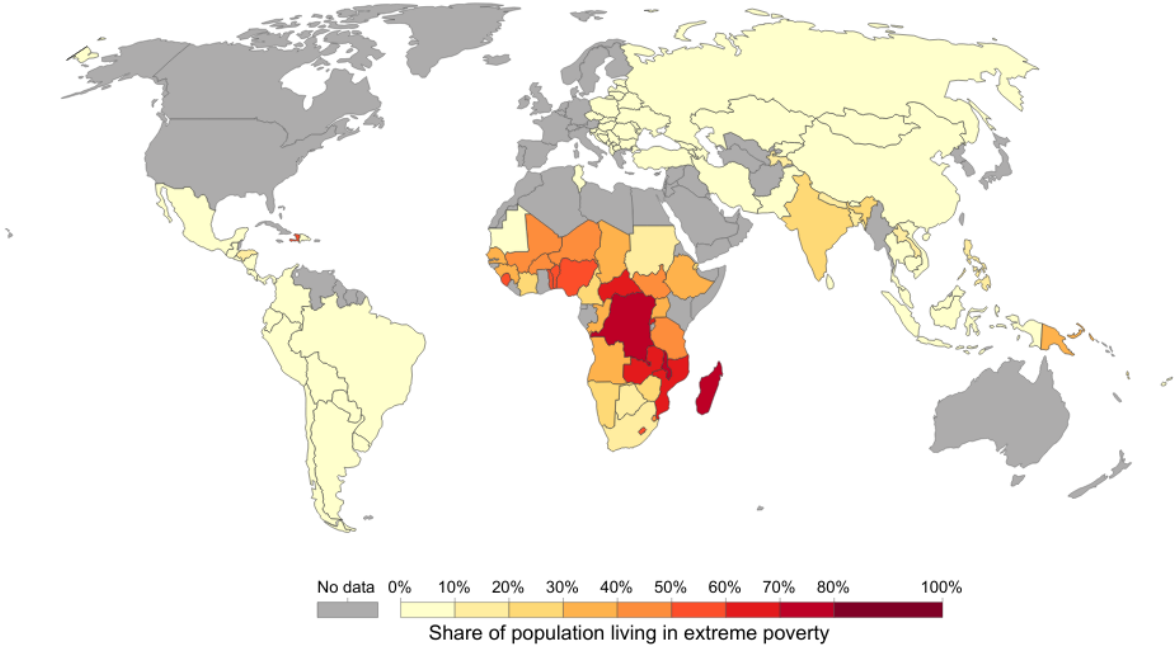


**MORE DEVELOPED COUNTRIES**
2013: **1.2 Billion**
2050: **1.3 Billion**

**WORLD**
2013: **7.1 Billion**
2050: **9.7 Billion**

**LESS DEVELOPED COUNTRIES**
2013: **5.9 Billion**
2050: **8.4 Billion**

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

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# Poverty

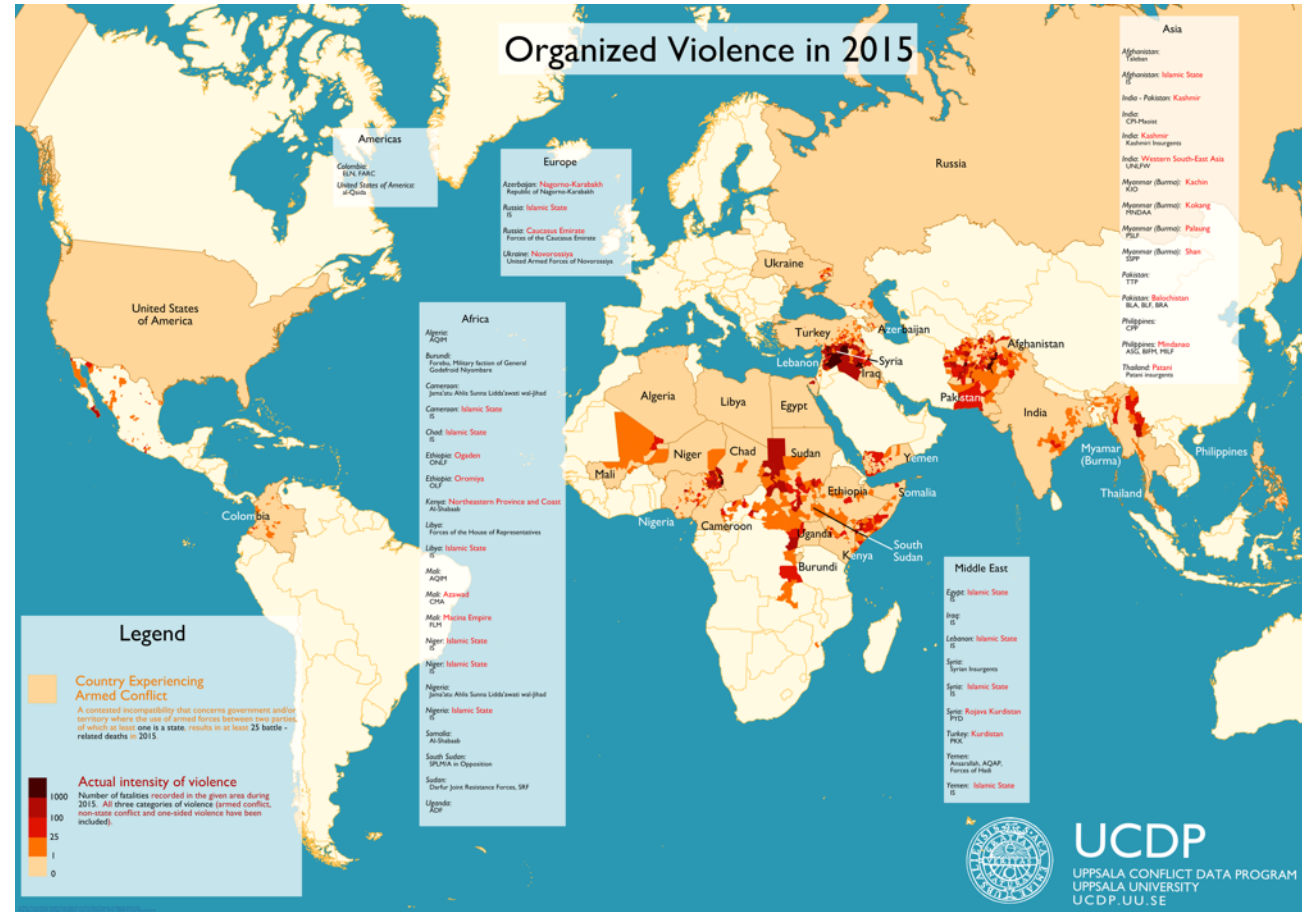## Share of the population living in extreme poverty, 2014

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).
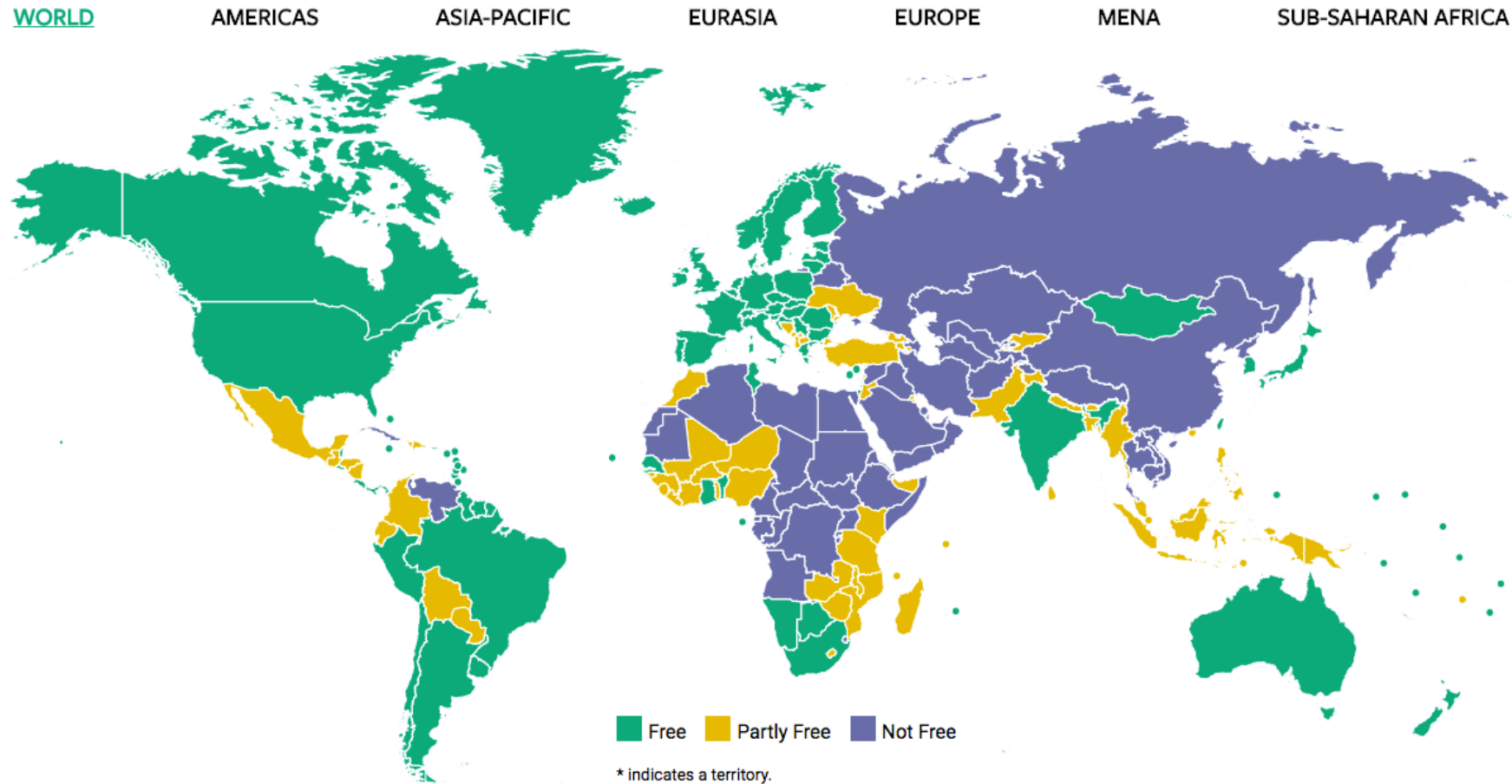
Our World in Data

No data    0%    10%    20%    30%    40%    50%    60%    70%    80%    100%

Share of population living in extreme poverty

PollEv.com/karolczuba247

# Conflict



Organized Violence in 2015

# Political freedom



WORLD  AMERICAS  ASIA-PACIFIC  EURASIA  EUROPE  MENA  SUB-SAHARAN AFRICA

Free  Partly Free  Not Free

\* indicates a territory.

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

# 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

No data   0   0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1

Human Development Index (UNDP)
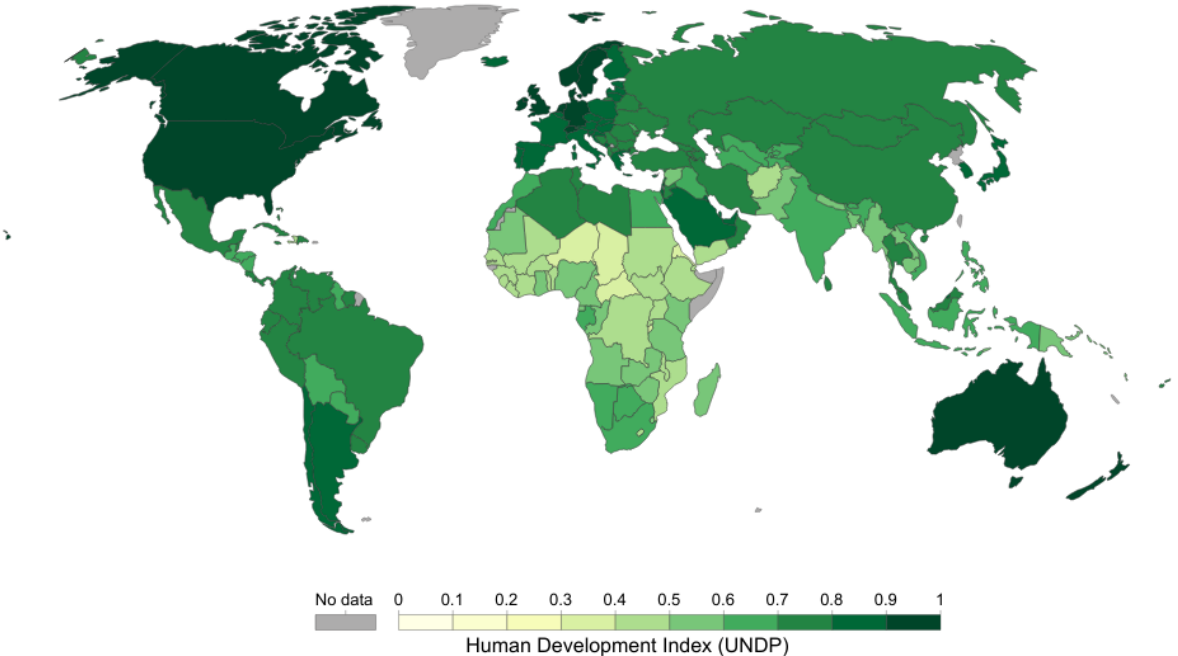
Source: Human Development Index (UNDP)

OurWorldInData.org/human-development-index/ • CC BY-SA

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# 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, inequality, exclusion, and conflict
  - Development
- Part II: Explaining development
  - Modernization and neoliberalism
  - Geography
  - Historical legacies:
    - Colonialism
    - Dependency/underdevelopment
    - Institutions and institutionalism

# Course overview

- Part III: Political development
  - States, state capacity, and its developmental importance
  - Construction of state capacity
  - The developmental pitfalls of capable states
  - Political regimes and their developmental performance
  - Distribution of political power and state-society relations:
    - Neopatrimonialism
    - The politics of collective identities and its developmental effects
    - Political violence, conflict, and development

# Course overview

- Part IV: What is to be done?
  - Foreign aid and the development and humanitarian relief industry
  - Development interventions and their efficacy
  - Trade and migration

# Assignments

- Two country expert presentations       5%*2
- Country expert paper       10%
- Research proposal       5%
- Research essay:
  - Initial draft       10%
  - Final draft       15%

# Other assessment

- Class involvement                                                    15%
- Quizzes ($\rightarrow$ Kahoot!)                              5%
- Final exam:
    - In-class component                                        15%
    - Out-of-class component                                15%
- Extra credit                                                           Up to 5%

# Policies and organizational matters

- Late submission and other penalties
- Attendance
- Electronics
- Accommodations
- Class organization
- Slides
- Contact
- Schedule changes:
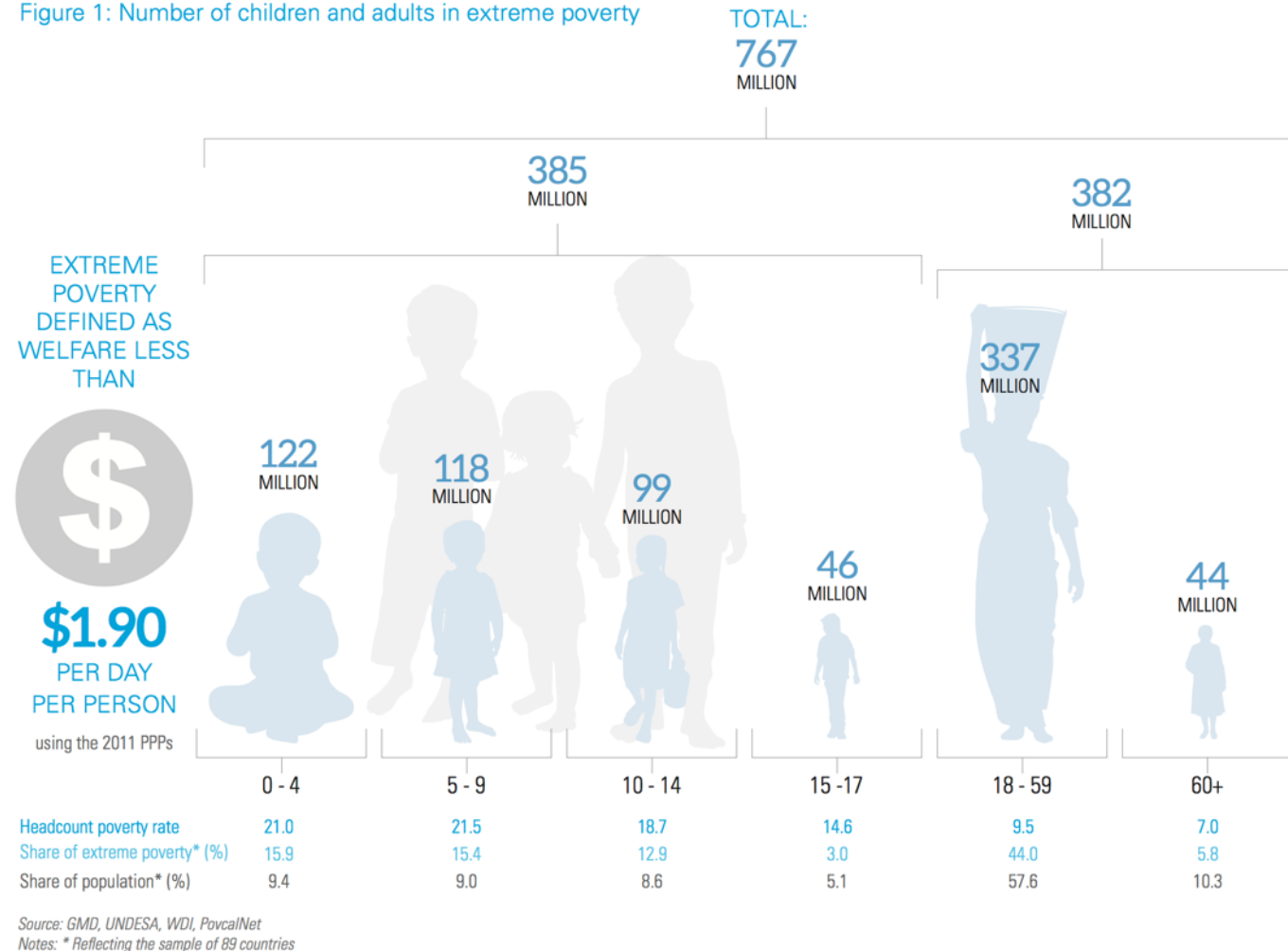    - No class on January 21

# 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% or 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)

# 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.

Figure 1: Number of children and adults in extreme poverty

TOTAL: 767 MILLION

385 MILLION

382 MILLION

EXTREME POVERTY DEFINED AS WELFARE LESS THAN

$1.90 PER DAY PER PERSON

using the 2011 PPPs

337 MILLION

122 MILLION

118 MILLION

99 MILLION

46 MILLION

44 MILLION

| | 0 - 4 | 5 - 9 | 10 - 14 | 15 -17 | 18 - 59 | 60+ |
|---|---|---|---|---|---|---|
| Headcount poverty rate | 21.0 | 21.5 | 18.7 | 14.6 | 9.5 | 7.0 |
| Share of extreme poverty* (%) | 15.9 | 15.4 | 12.9 | 3.0 | 44.0 | 5.8 |
| Share of population* (%) | 9.4 | 9.0 | 8.6 | 5.1 | 57.6 | 10.3 |

Source: GMD, UNDESA, WDI, PovcalNet
Notes: * Reflecting the sample of 89 countries

# 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.

|  | International Poverty Line as set by World Bank | Basic needs–based indicator | Capability approach | Minimum rights |
|---|---|---|---|---|
| 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
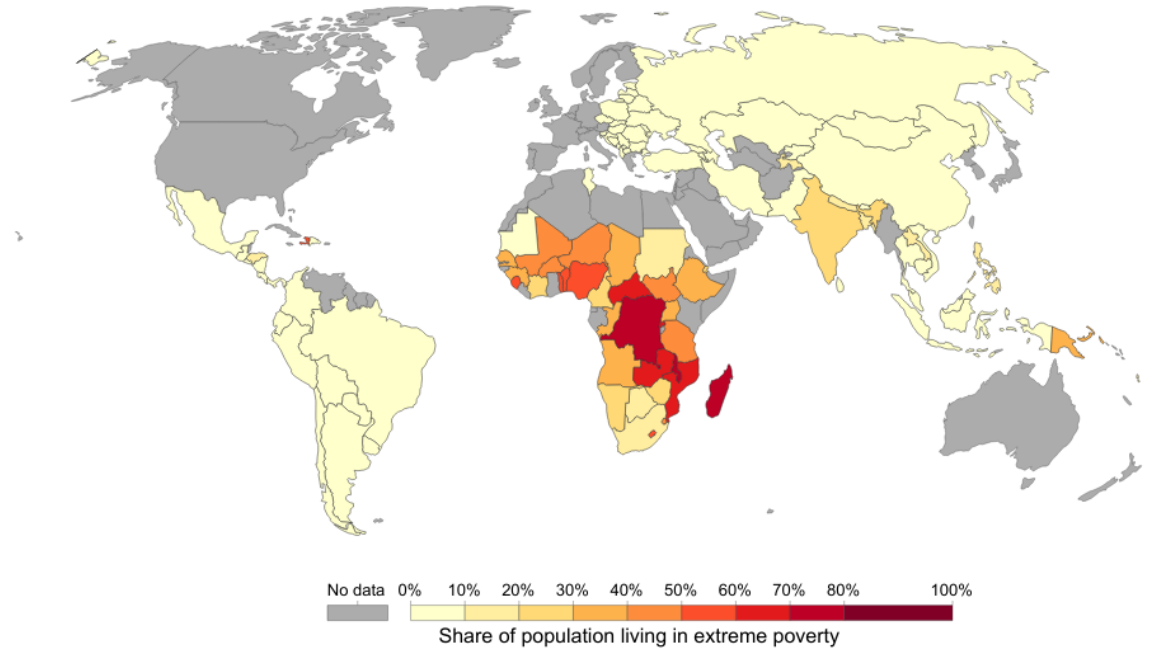    - Wellbeing != wealth

- 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

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).

Share of population living in extreme poverty

No data  0%  10%  20%  30%  40%  50%  60%  70%  80%  100%

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

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# Geographic distribution of poverty



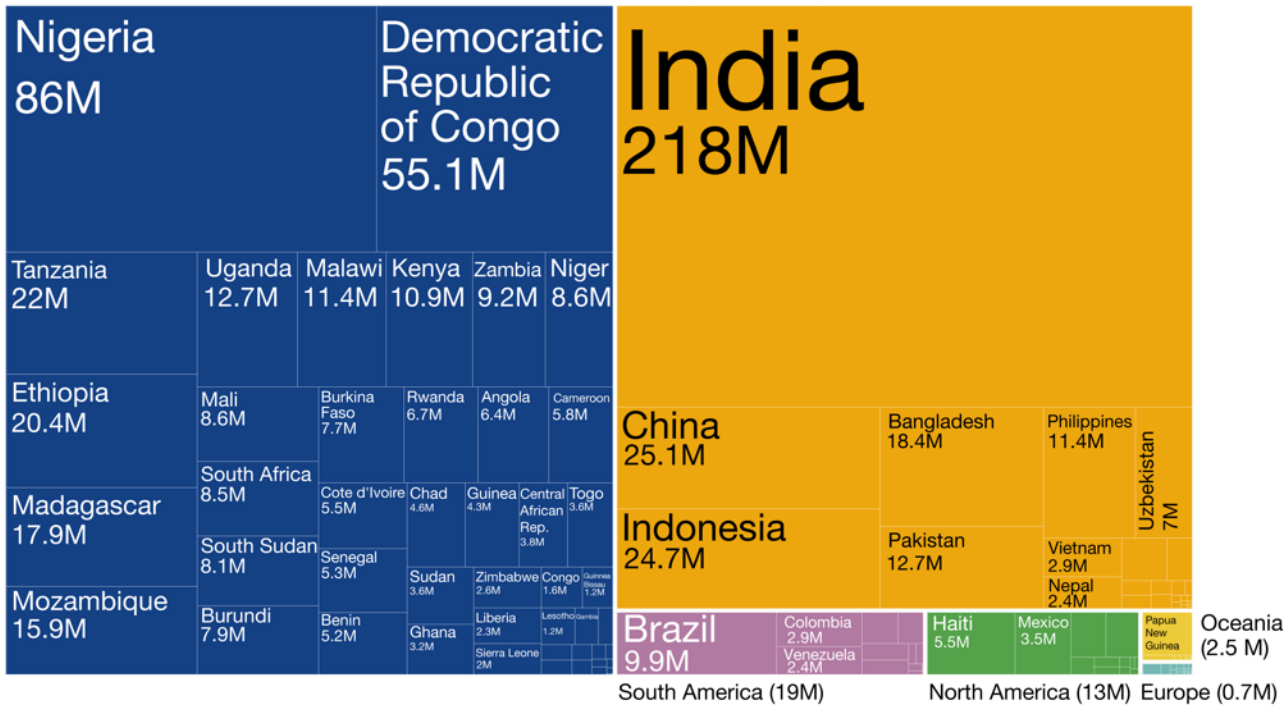Globally there are 746 million people in extreme poverty (in 2013)

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).

Our World in Data

**Africa (383 million)**

Nigeria 86M
Democratic Republic of Congo 55.1M

Tanzania 22M
Uganda 12.7M
Malawi 11.4M
Kenya 10.9M
Zambia 9.2M
Niger 8.6M

Ethiopia 20.4M
Mali 8.6M
Burkina Faso 7.7M
Rwanda 6.7M
Angola 6.4M
Cameroon 5.8M

Madagascar 17.9M
South Africa 8.5M
Cote d'Ivoire 5.5M
Chad 4.6M
Guinea 4.3M
Central African Rep. 3.8M
Togo 3.6M

South Sudan 8.1M
Senegal 5.3M
Sudan 3.6M
Zimbabwe 2.6M
Congo 1.6M
Guinea Bissau 1.2M

Mozambique 15.9M
Burundi 7.9M
Benin 5.2M
Ghana 3.2M
Liberia 2.3M
Lesotho 1.2M
Sierra Leone 2M

**Asia (327 million)**

India 218M

China 25.1M
Bangladesh 18.4M
Philippines 11.4M
Uzbekistan 7M

Indonesia 24.7M
Pakistan 12.7M
Vietnam 2.9M
Nepal 2.4M

Brazil 9.9M
Colombia 2.9M
Venezuela 2.4M
Haiti 5.5M
Mexico 3.5M
Papua New Guinea
Oceania (2.5 M)

South America (19M)
North America (13M)
Europe (0.7M)

Data source: World Bank (PovcalNet)
The interactive data visualization is available at OurWorldInData.org. There you find the raw data and more visualizations on this topic.
Licensed under CC-BY-SA by the author Max Roser.

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# Geographic distribution of poverty



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

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).
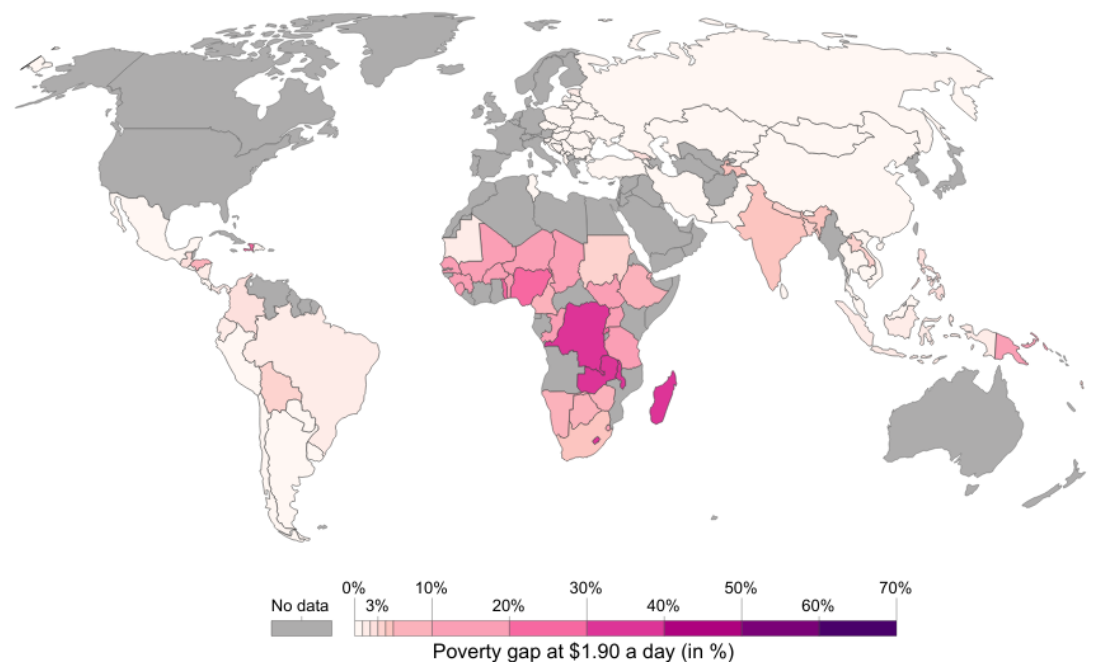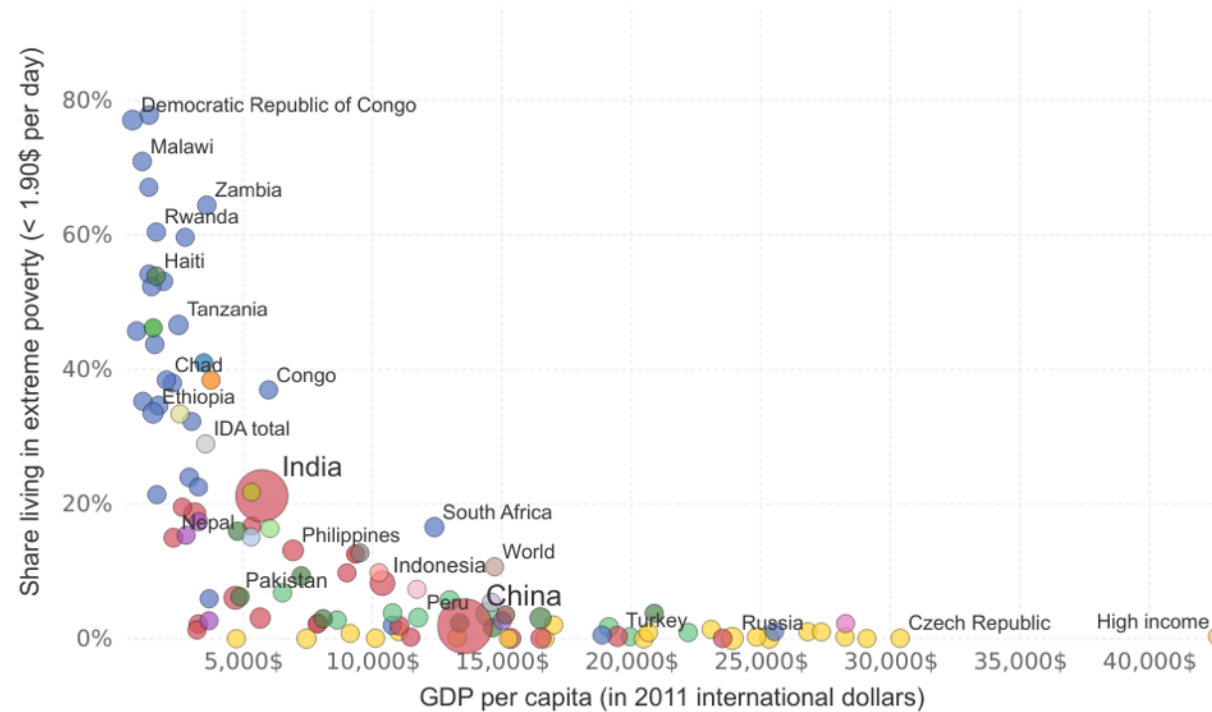
Our World in Data

No data  0%  10%  20%  30%  40%  50%  60%  70%  80%  100%

Share of population living with less than 3.10$ per day

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

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.

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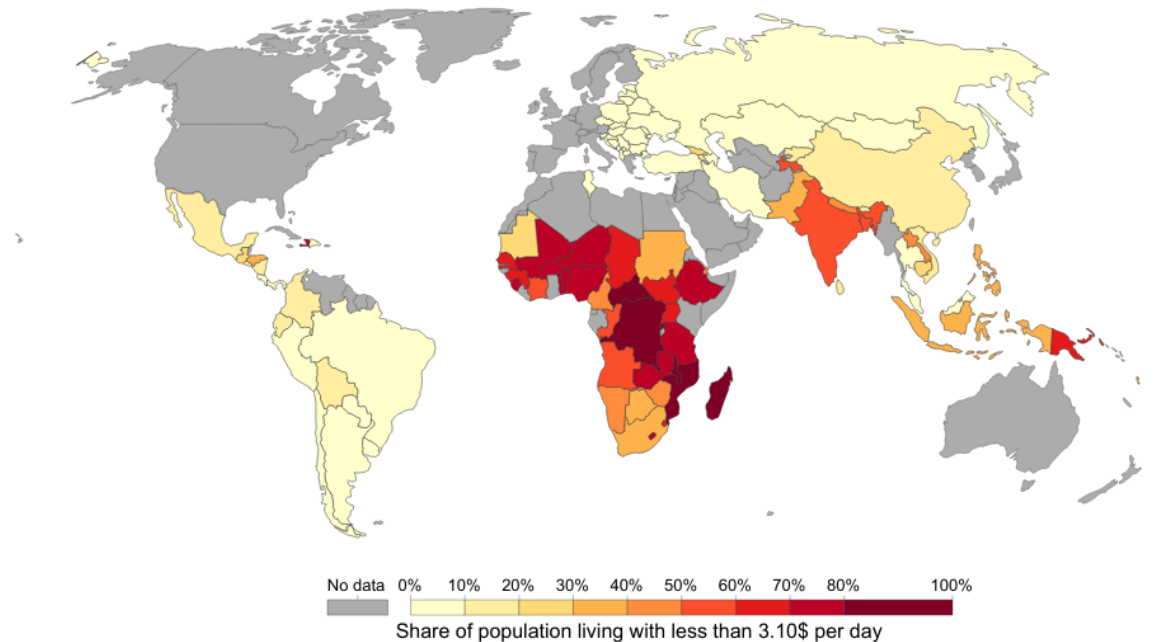
# Geographic distribution of poverty: intensity of poverty (poverty gap index)



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

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).

Our World in Data

No data    0%    10%    30%    50%    70%
          3%         20%      40%      60%
          Poverty gap at $1.90 a day (in %)

Source: Poverty - WORLD BANK (WDI - 2017/02)                    OurWorldInData.org/extreme-poverty/ • CC BY-SA

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# 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.

Our World in Data

Share living in extreme poverty (< 1.90$ per day)

80% — Democratic Republic of Congo

Malawi

Zambia

Rwanda

60% — Haiti

Tanzania

Chad — Congo

Ethiopia

IDA total

India

20% — South Africa

Nepal — Philippines — World

Pakistan — Indonesia

Peru — China — Turkey — Russia — Czech Republic — High income

0%

5,000$   10,000$   15,000$   20,000$   25,000$   30,000$   35,000$   40,000$

GDP per capita (in 2011 international dollars)

Source: GDP per capita PPP 2011 – WORLD BANK (WDI) 2017Feb, Poverty - WORLD BANK (WDI - 2017/02)    OurWorldInData.org/extreme-poverty/ • CC BY-SA

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# Correlates of poverty: health



Source: https://www.gapminder.org/
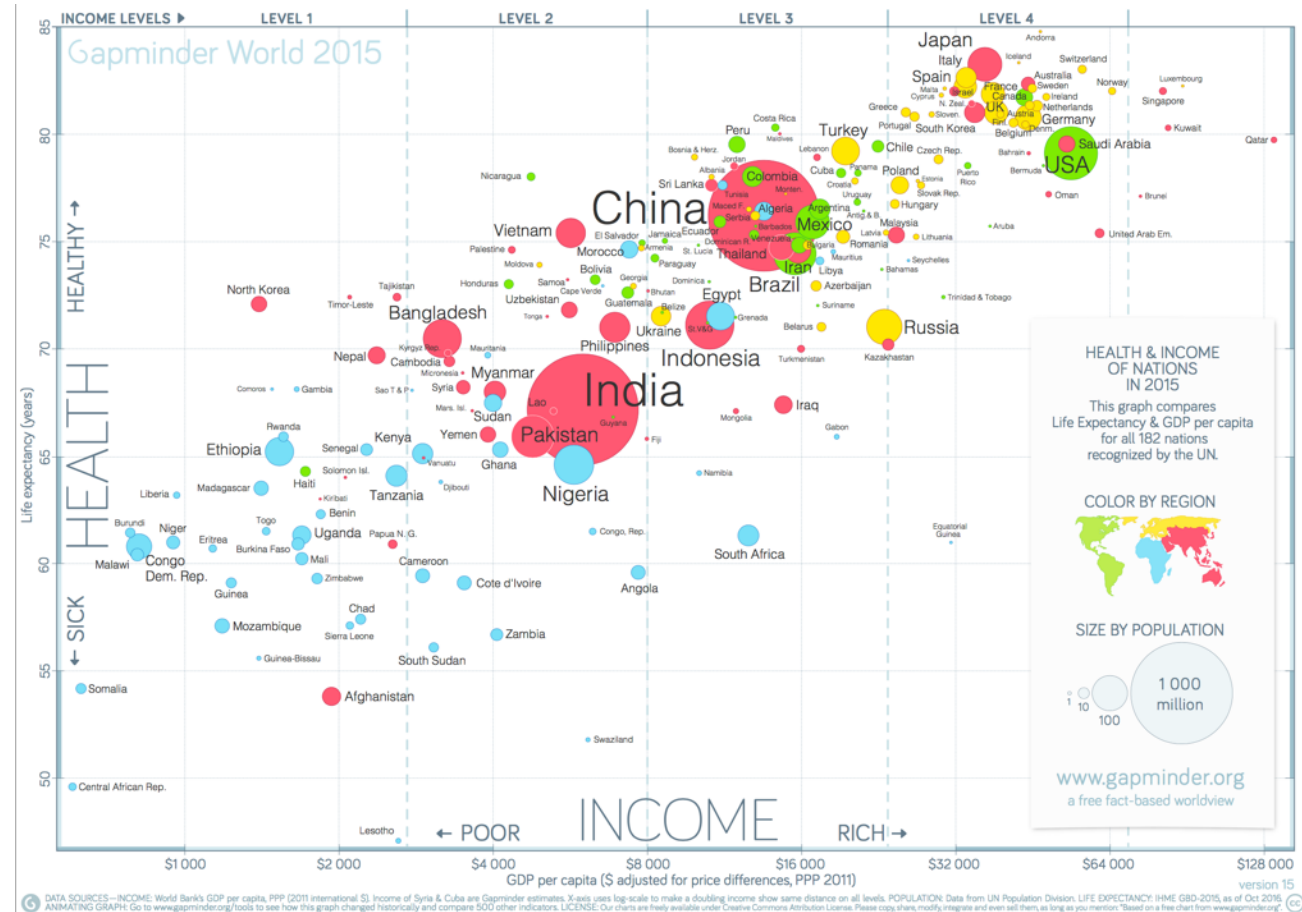
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# Correlates of poverty: conflict
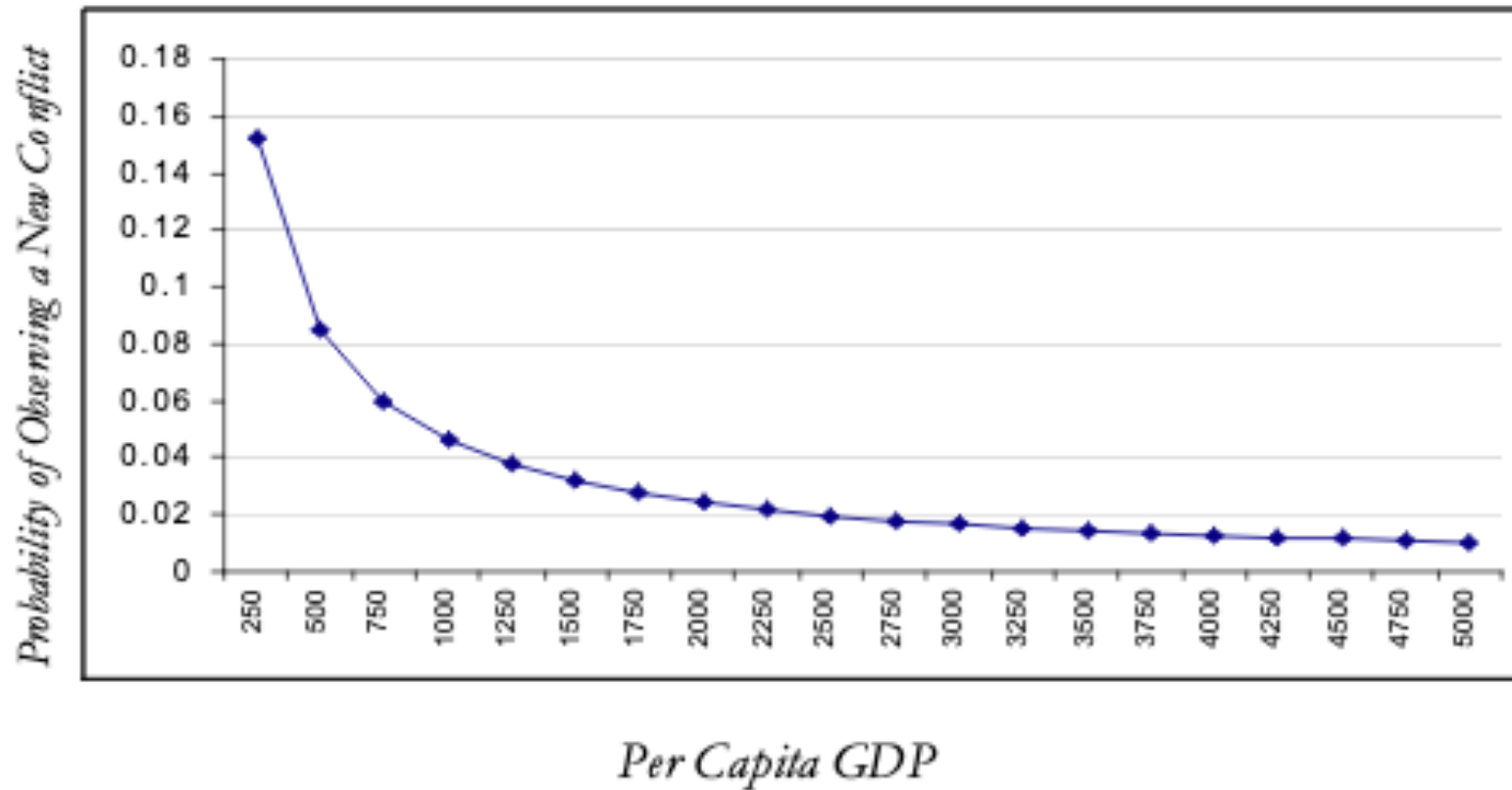
# Why?

- Why is poverty concentrated in particular parts of the world?
- What explains the strong associations between poverty and other phenomena?

# Poverty trends



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

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.
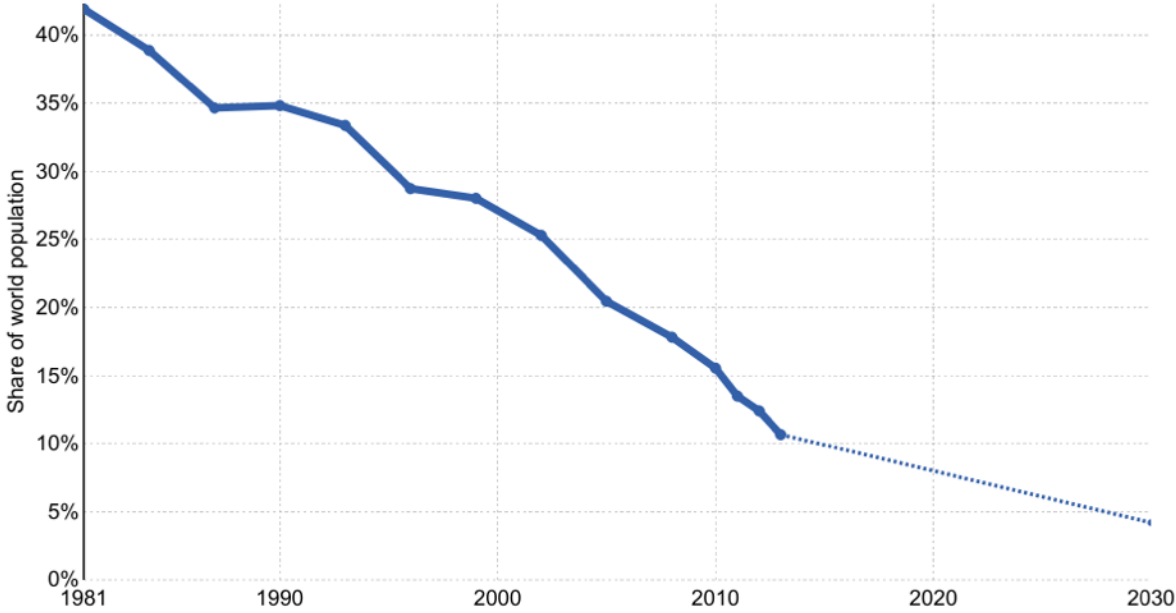
Source: Poverty headcount 1981-2030 - PovcalNet World Bank

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

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



Share of the World Population living in Absolute Poverty, 1820-2015
All data are adjusted for inflation over time and for price differences between countries (PPP adjustment).

'Living in poverty' (Bourguignon and Morrison data)
≈ living with less than 2$ per day

'Living in extreme poverty' (Bourguignon and Morrison data)
≈ living with less than 1$ per day

Living with less than 1.90$ per day (World Bank data)

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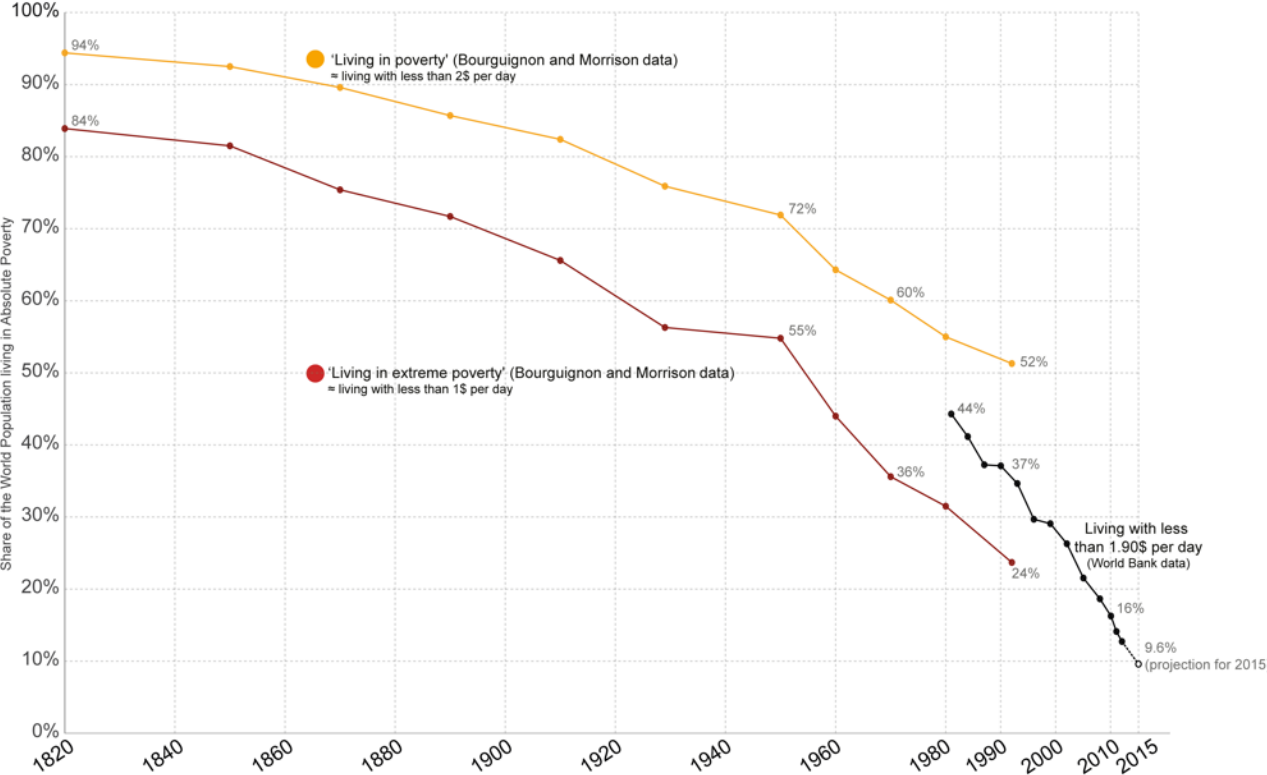
# Poverty trends

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

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).

**Our World in Data**

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

7 billion

6 billion

5 billion

4 billion

3 billion

2 billion

1 billion

0

1820    1850    1900    1950    2000    2015
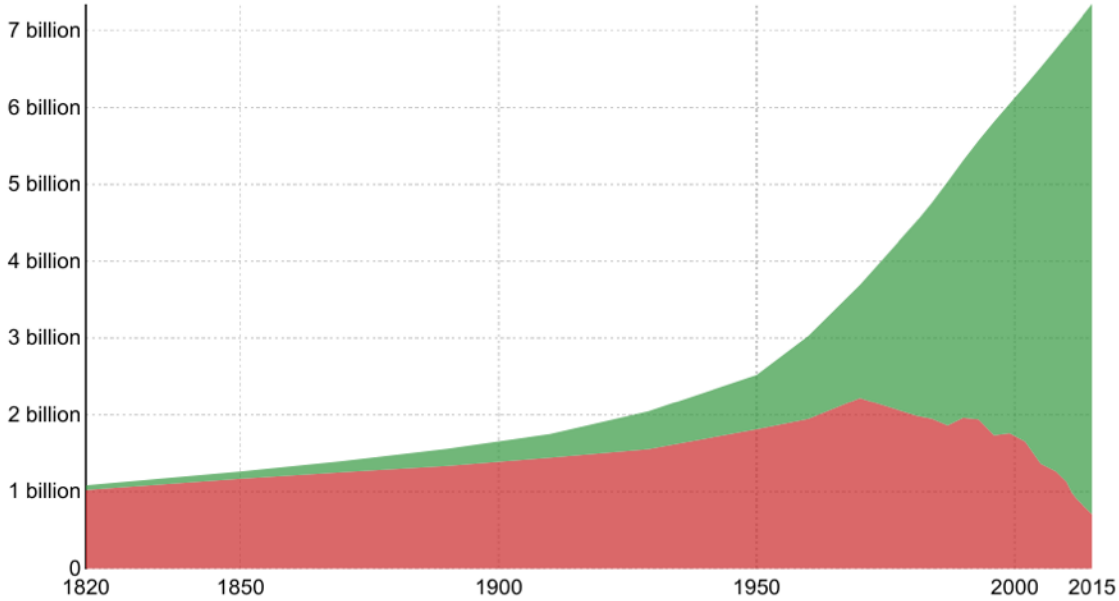
Source: World Poverty in absolute numbers (Max Roser based on World Bank and Bourguignon and Morrisson (2002))
OurWorldInData.org/extreme-poverty/ • CC BY-SA

# Poverty trends



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

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.

| below 1.25 int-$ a day | 1.25-1.9 int-$ a day | 1.9-3.1 int-$ a day | 3.1-10 int-$ a day | above 10 int-$ a day |
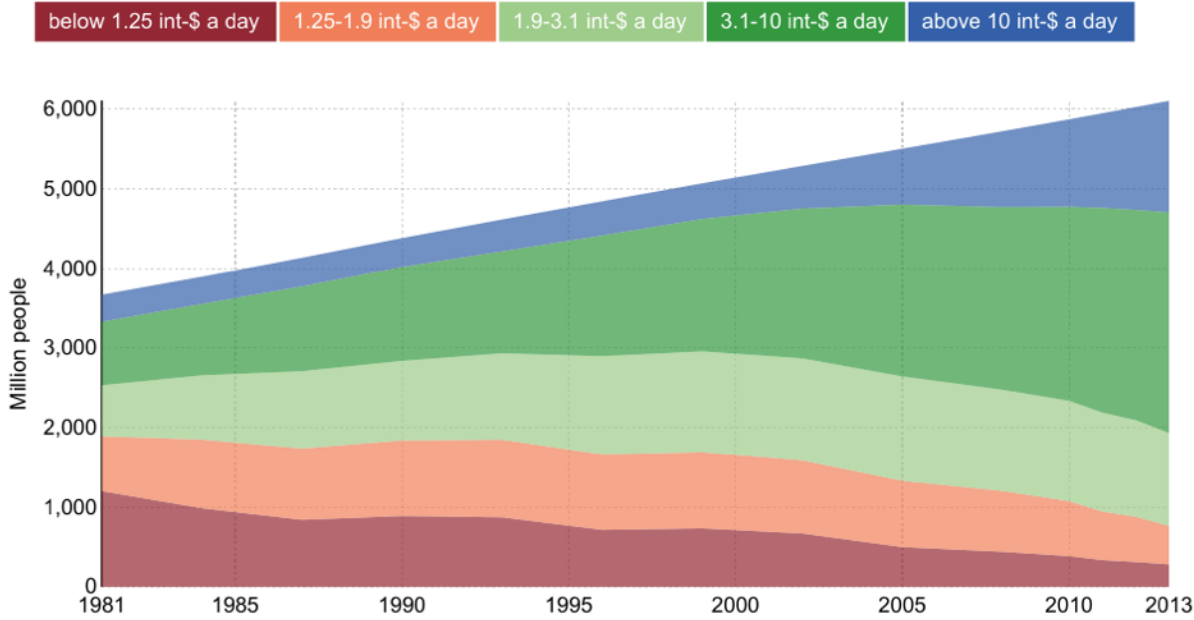
Source: Poverty and consumption groups in developing countries - PovcalNet March2017    OurWorldInData.org/extreme-poverty/ • CC BY-SA
Note: 'Non-rich' countries are all countries in the world except: Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States.

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# 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.
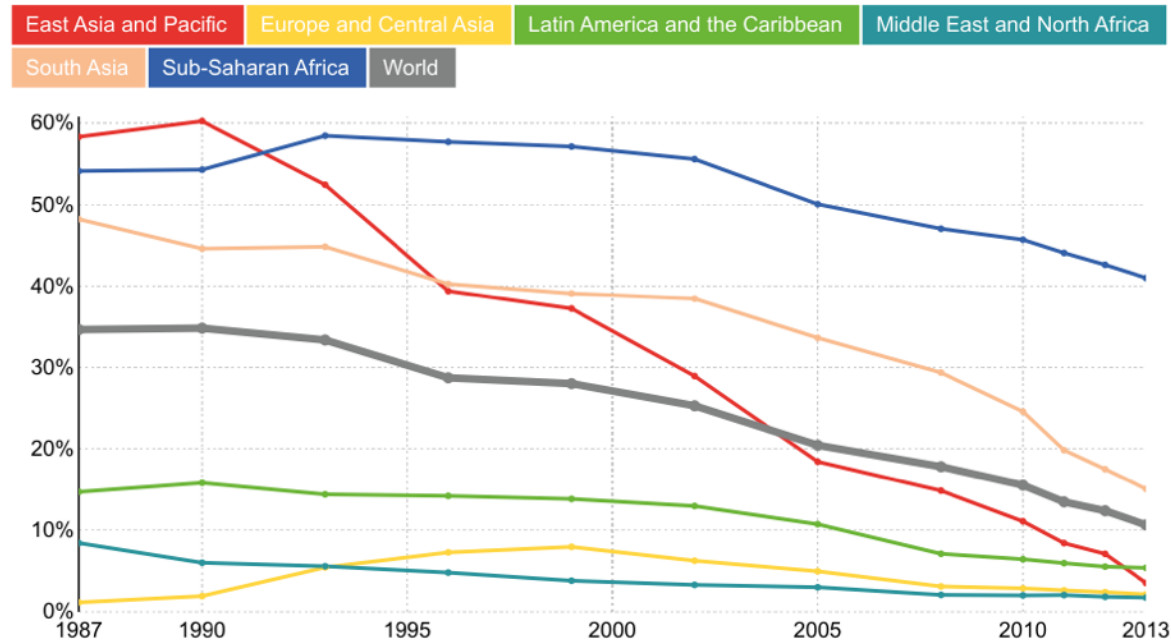
Legend: Sub-Saharan Africa | Europe and Central Asia | Middle East and North Africa | South Asia | East Asia and Pacific | Latin America and the Caribbean
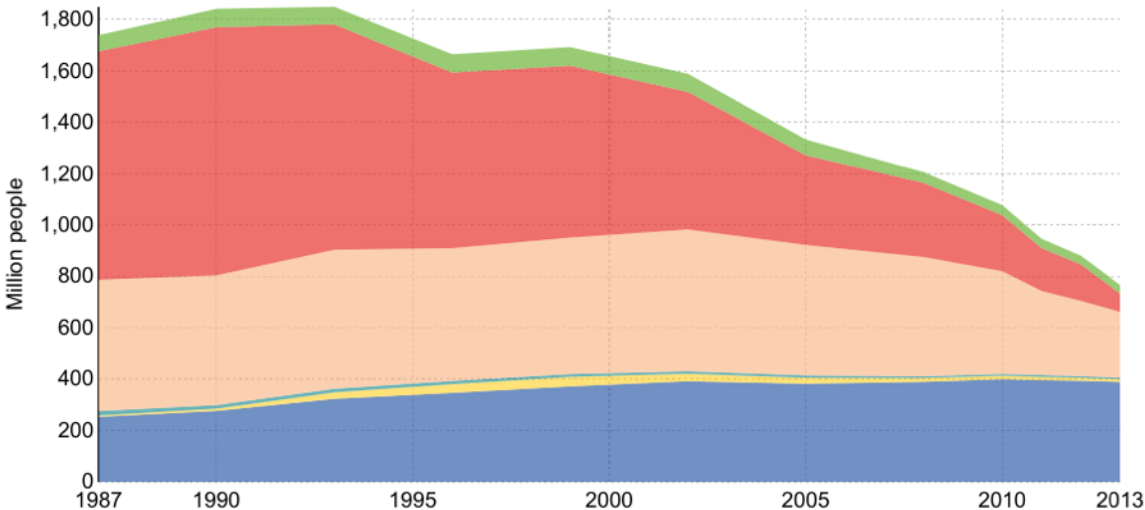
Source: World Poverty Absolute Number by Region - PovcalNet (World Bank)
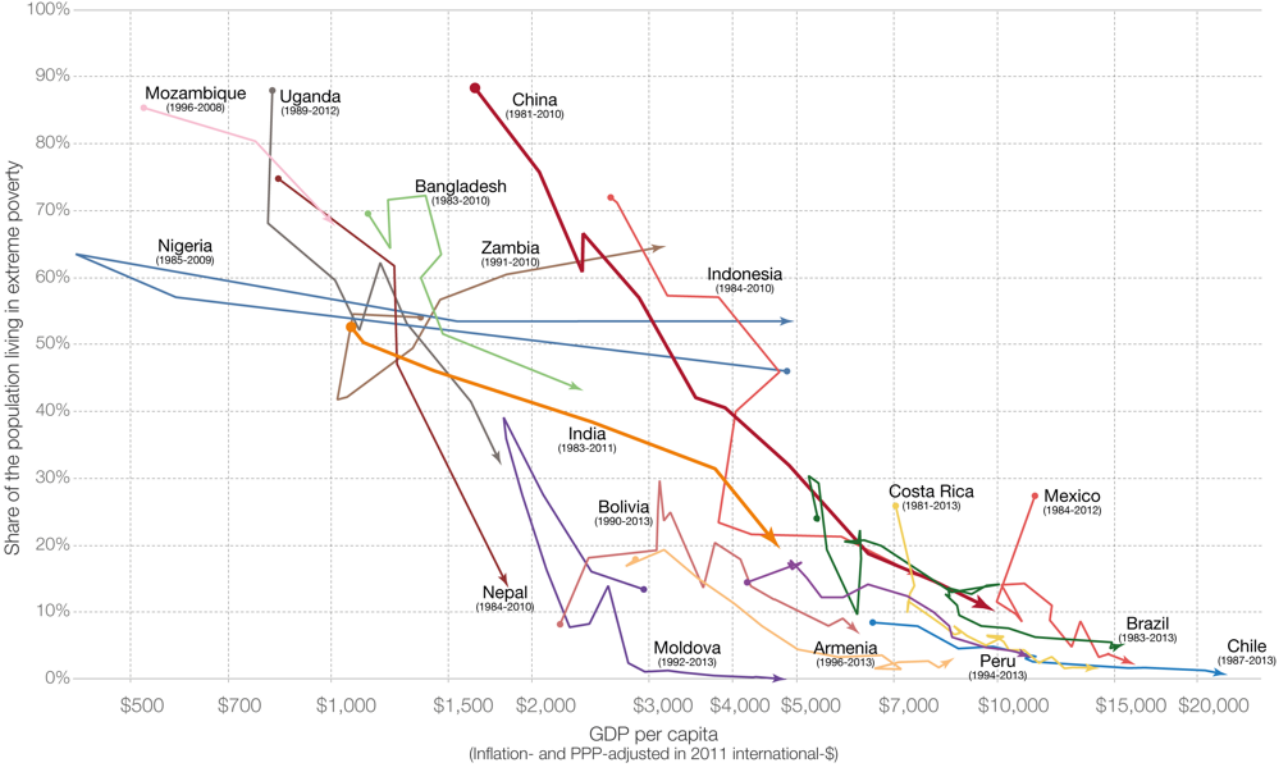OurWorldInData.org/extreme-poverty/ • CC BY-SA
Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

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# Poverty trends: regional variation



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

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.

East Asia and Pacific | Europe and Central Asia | Latin America and the Caribbean | Middle East and North Africa
South Asia | Sub-Saharan Africa | World

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



Share living in extreme poverty vs GDP per capita over time

Extreme poverty is defined as living with less than $1.90/day. Both, poverty and GDP per capita are measured by adjusting for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment). Shown are selected countries for which data is available for longer periods of time.

Data source: World Bank
The visualization is available at OurWorldinData.org where you find more visualizations and research on global development.

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What are the problems with poverty data according to Hickel?

# Problems with poverty data according to Hickel

• Lack of historical data

• Transition to cash-based economy

• Artificially low poverty line
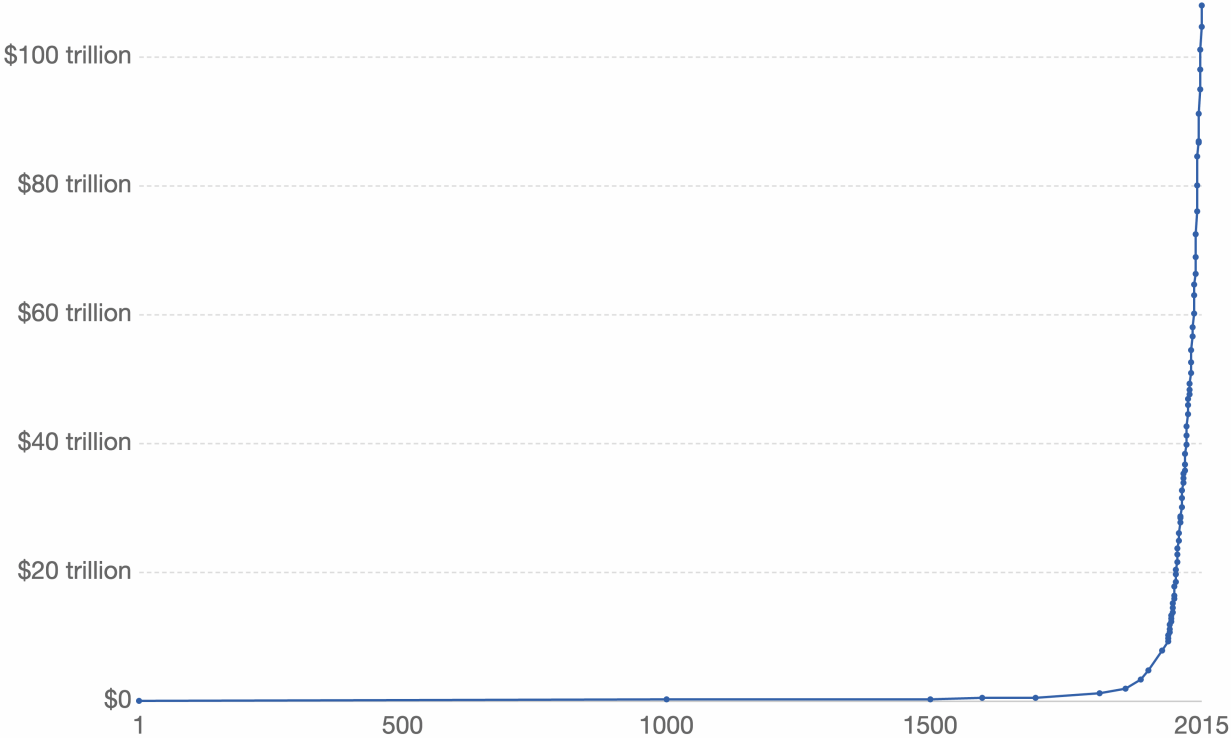
• Poverty reduction driven by China

# Why?

- What explains the poverty trends?
- Why is there so much variation across regions and countries?

# Global economic growth



World GDP over the last two millennia

Total output of the world economy; adjusted for inflation and expressed in international-$ in 2011 prices.
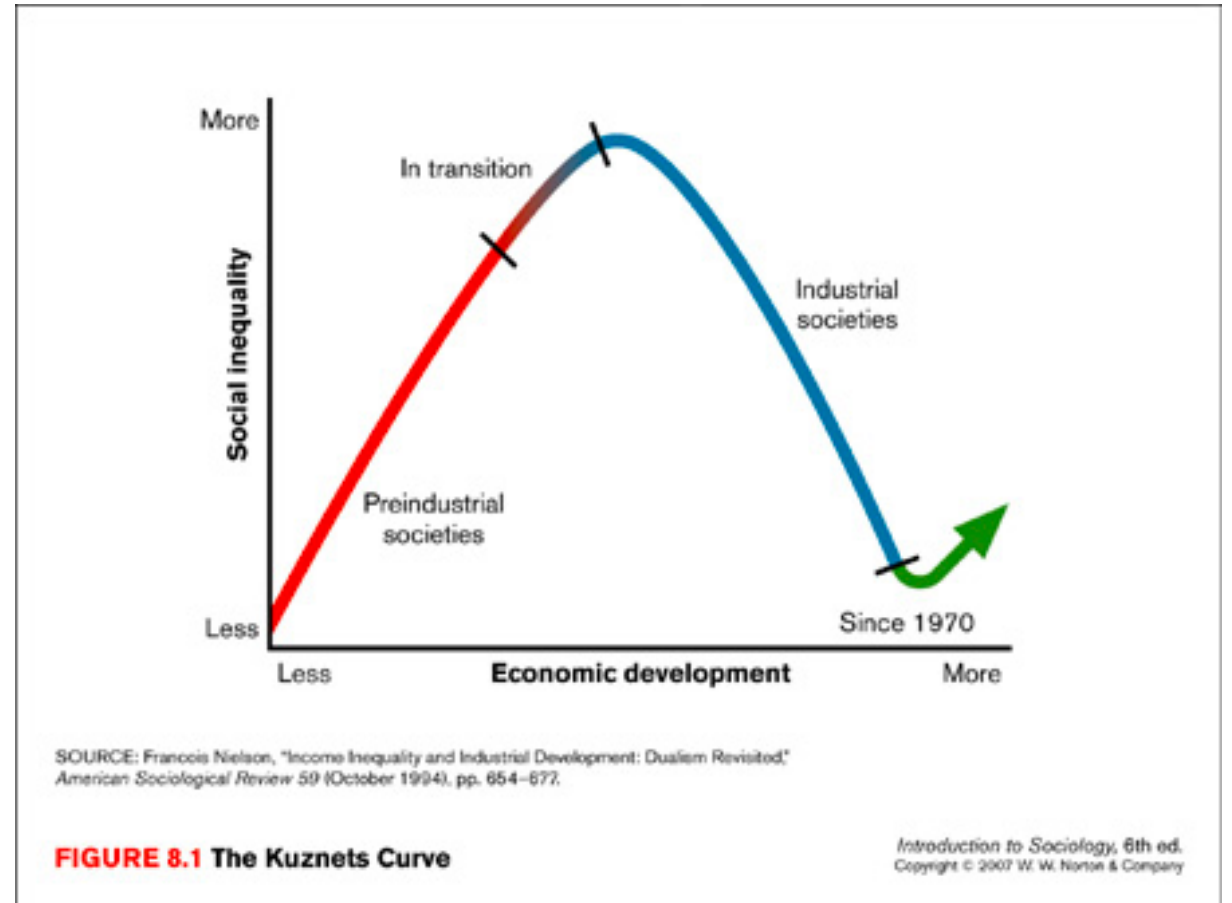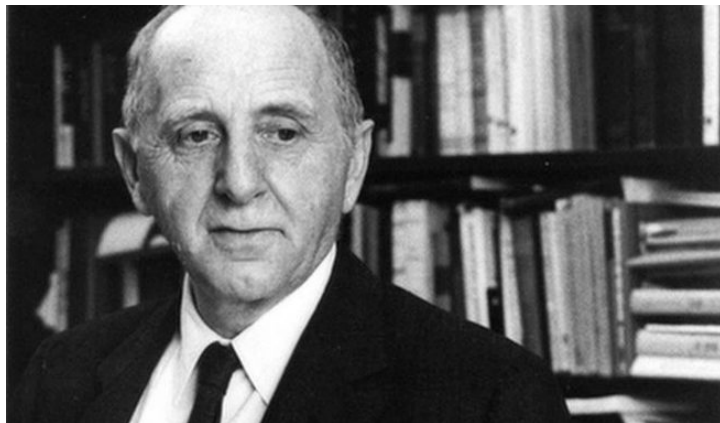
Our World in Data

$100 trillion

$80 trillion

$60 trillion

$40 trillion

$20 trillion

$0

1     500     1000     1500     2015

Source: World GDP - Our World In Data based on World Bank & Maddison (2017)

OurWorldInData.org/economic-growth • CC BY

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# Global economic inequality

- Kuznets hypothesis: as countries industrialize and average incomes grow, inequality will at first increase and then decrease



FIGURE 8.1 The Kuznets Curve

SOURCE: Francois Nielson, "Income Inequality and Industrial Development: Dualism Revisited," *American Sociological Review* 59 (October 1994). pp. 654–677.

*Introduction to Sociology,* 6th ed. Copyright © 2007 W. W. Norton & Company

# 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.

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**HUMANOSPHERE**
Give a damn: News and analysis of the fight against inequity

GLOBAL HEALTH    HUMAN RIGHTS    WORLD POLITICS    SCIENCE    SOCIAL BUSINESS

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T UP

### 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.

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

BY JOANNE LU ON 3 MAY 2017    💬 0

# Global economic inequality according to Milanović

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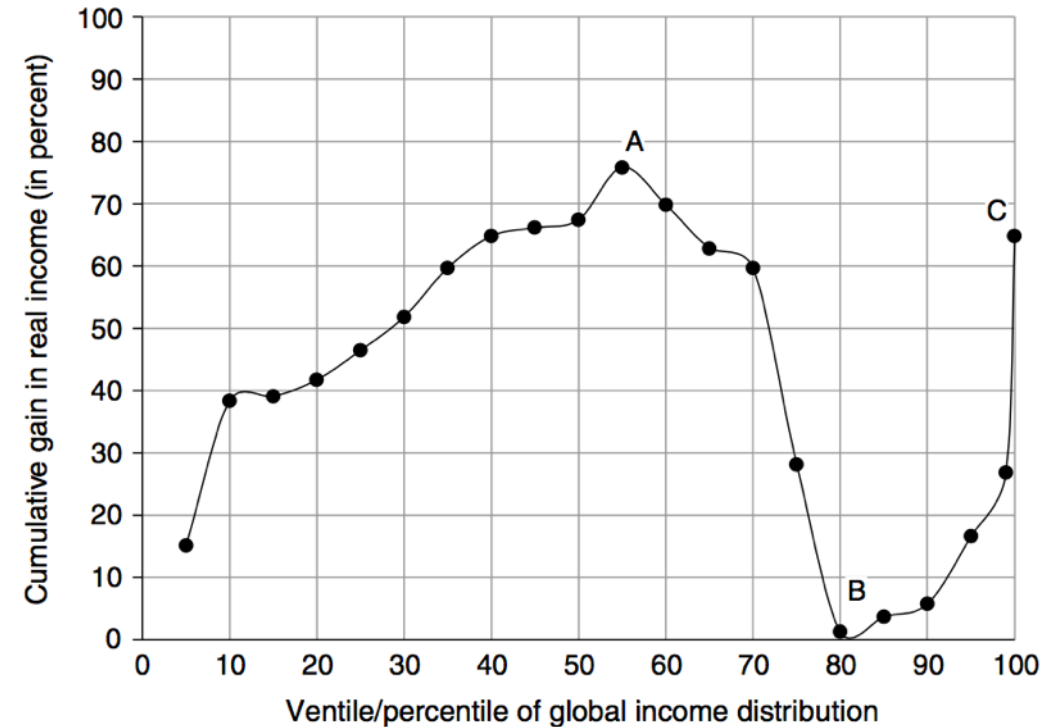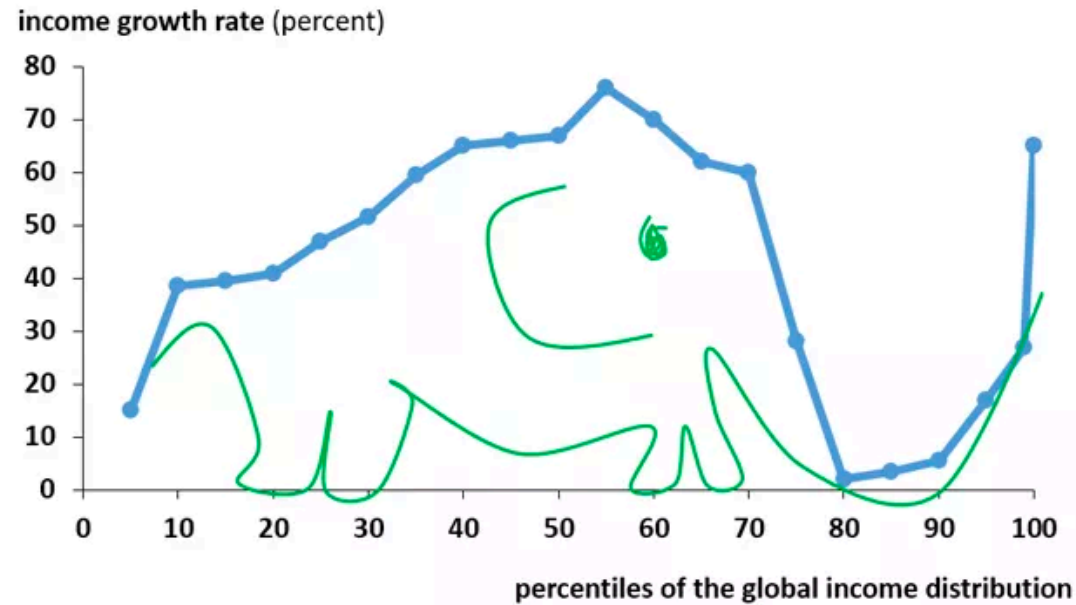


**FIGURE 1.1.** Relative gain in real per capita income by global income level, 1988–2008
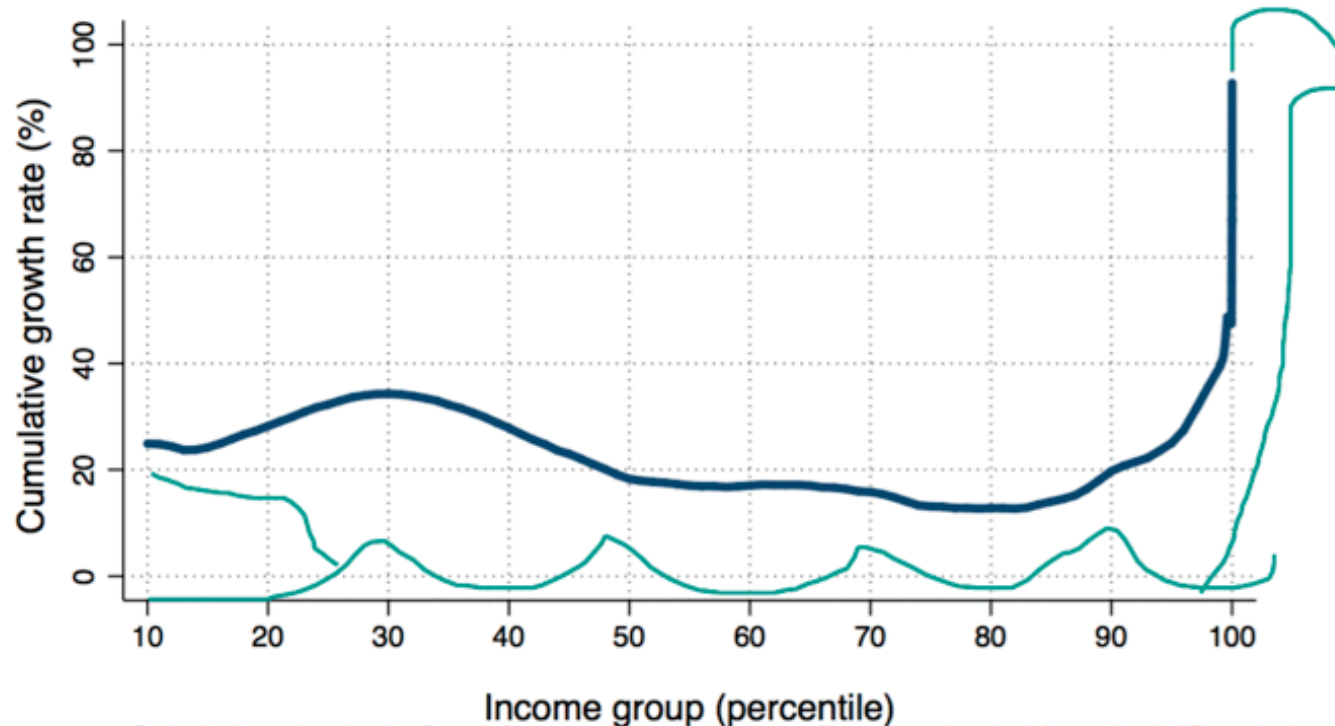
# Global economic inequality according to Milanović



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

# Global economic inequality according to Sandefur



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.

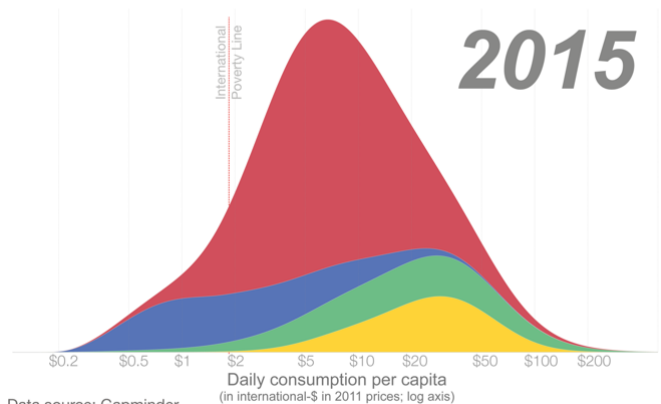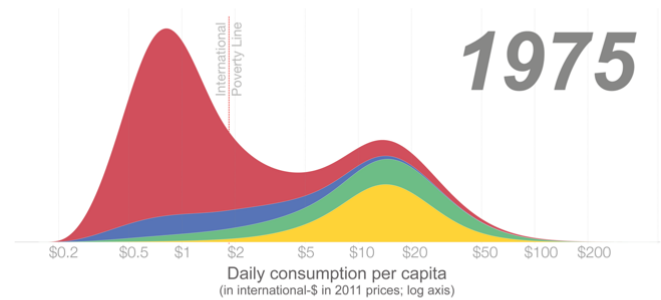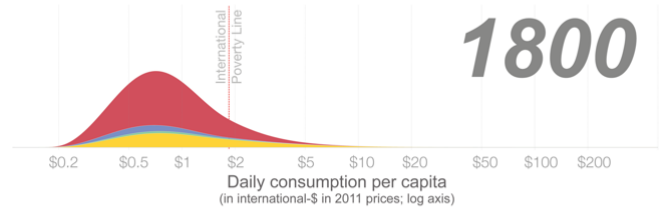# Global economic inequality according to Darvas
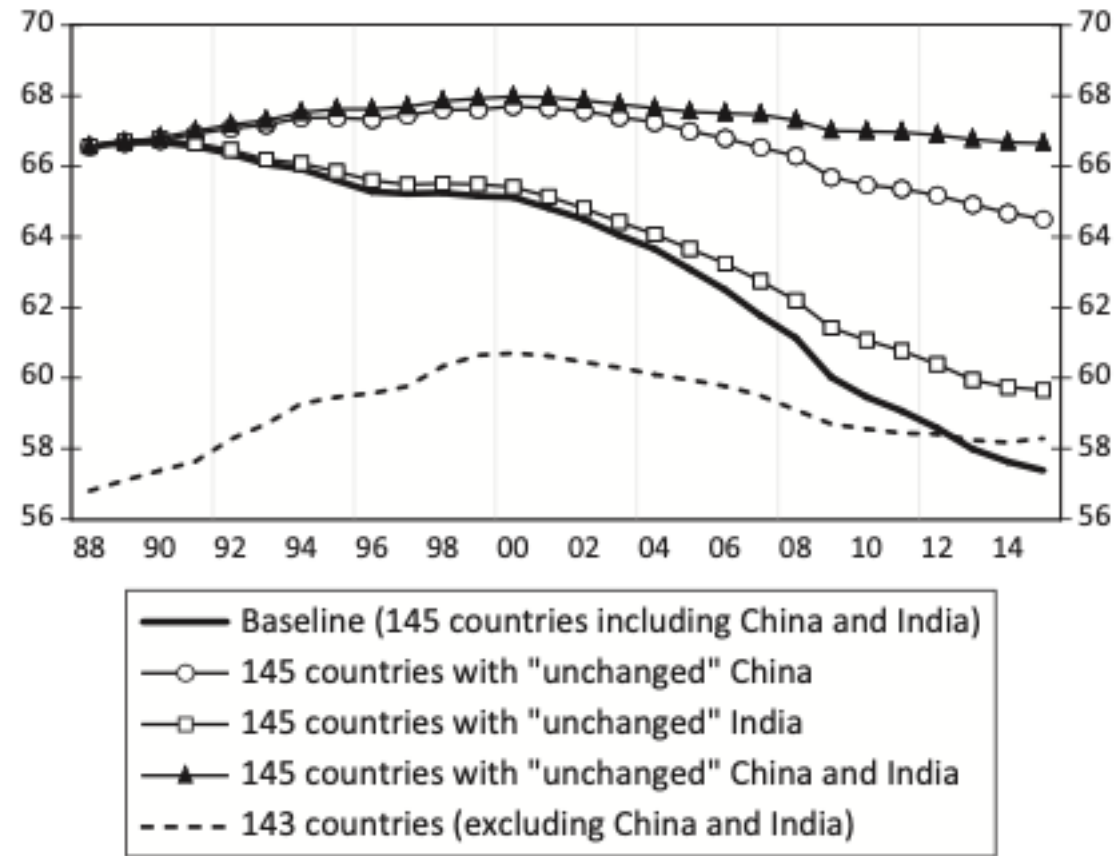


Source: Darvas, Zsolt. 2019. "Global Interpersonal Income Inequality Decline: The Role of China and India." *World Development* 121: 16–32.

# Global economic inequality



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.
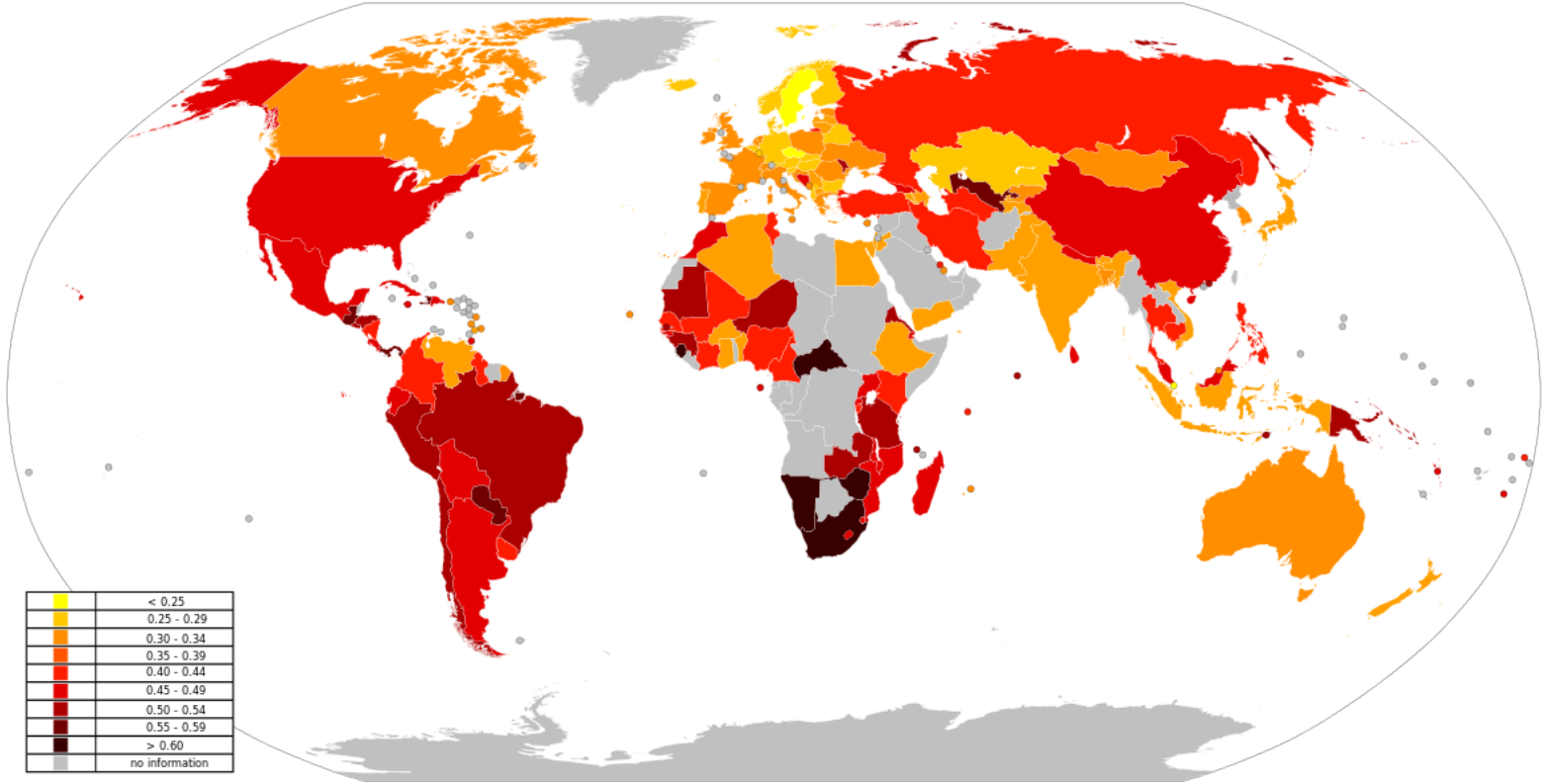Non-market income (e.g. through home production such as subsistence farming) is taken into account.

Europe | Asia and Pacific | Africa | North- and South America

**1800**

International Poverty Line

$0.2   $0.5   $1   $2   $5   $10   $20   $50   $100   $200

Daily consumption per capita
(in international-$ in 2011 prices; log axis)

**1975**

International Poverty Line

$0.2   $0.5   $1   $2   $5   $10   $20   $50   $100   $200

Daily consumption per capita
(in international-$ in 2011 prices; log axis)

**2015**

International Poverty Line

$0.2   $0.5   $1   $2   $5   $10   $20   $50   $100   $200

Daily consumption per capita
(in international-$ in 2011 prices; log axis)

Data source: Gapminder

The visualization is available at OurWorldinData.org where you find more visualizations and research on global development.    Licensed under CC-BY-SA by the author Max Roser.
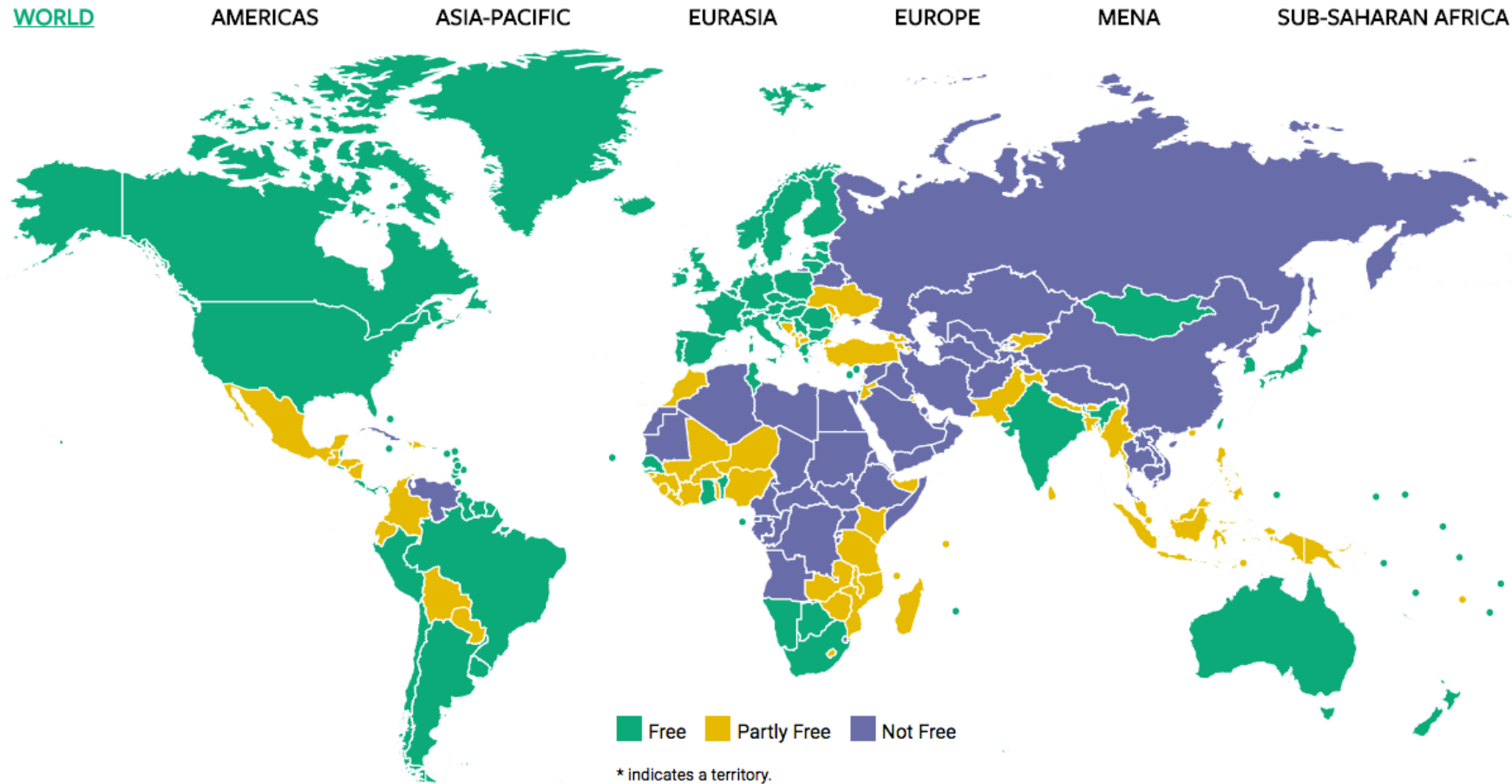
# Geographic distribution of global economic inequality



| | < 0.25 |
|---|---|
| | 0.25 - 0.29 |
| | 0.30 - 0.34 |
| | 0.35 - 0.39 |
| | 0.40 - 0.44 |
| | 0.45 - 0.49 |
| | 0.50 - 0.54 |
| | 0.55 - 0.59 |
| | > 0.60 |
| | no information |

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# Why?

- What explains the inequality trends?

# Political freedom



WORLD    AMERICAS    ASIA-PACIFIC    EURASIA    EUROPE    MENA    SUB-SAHARAN AFRICA

Free    Partly Free    Not Free

\* indicates a territory.

PollEv.com/karolczuba247
Source: https://freedomhouse.org/report-types/freedom-world

# Political exclusion

# Why?

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