

# NUMBERS, PERSPECTIVES AND POLITICS

*'SOMEBODY, SOMEWHERE, NEEDS TO SPEAK THE TRUTH, NEEDS TO SAY THAT THE POOR HAVE BEEN DRAMATICALLY BETRAYED.'* THOMAS POGGE 2015

## JUST AS POVERTY IS POLITICAL, SO TOO IS ITS DEFINITION US\$1.00 PER DAY, \$1.25, \$1.90, \$2.00 OR MORE....?

### US\$1.00 A DAY



For decades, the shorthand definition of absolute poverty was 'a dollar a day' (roughly equivalent to the 1990 national poverty lines in the 22 countries used to build the data).

Given the very significant weaknesses in the data and its arbitrary nature, this line was always contested with many arguing that it was so basic and frugal as to be meaningless.

### US\$1.25/US\$1.90 A DAY



In 2008, the World Bank re-defined the international poverty line at US\$1.25 a day and in 2015, it re-defined it once again at \$1.90 a day purchasing power parity (i.e. the equivalent cost in 2011 dollars of a bundle of goods across all countries - see page 28).

The Bank claimed that the latest figure is roughly equivalent to the old one, simply updated to current realities. For some, the figure is too high, for others too low while many reject the measurement of poverty as being defined solely against the cost of a minimum basket of goods.

### US\$6.00 A DAY



According to the Bank, US\$1.90 is the average of poverty lines of the poorest countries but, for critics, it says little about poverty in most other countries (e.g. US\$6 a day is deemed more accurate in Latin America).

US\$1.90 a day enables the Bank to argue that the number living in extreme poverty is less than it is and, because of the 2015 re-definition, the numbers of the world's poor were reduced by 100 million overnight.

### US\$2.00/US\$5.00/US\$7.00 A DAY



In the past, many NGOs insisted that US\$2.00 a day should have been the minimum but that now, it needs to be set at US\$5.00 a day; others have argued for a '*morally defensible poverty line*' or a '*multidimensional poverty*' approach - if adopted these would generate a figure of up to US\$7 a day.

### 4.2 BILLION OR 900 MILLION?



At the higher level up to 4.2 billion would live in poverty - at the Bank's new level it was 900 million in 2012 with an estimated figure of 700 million in 2015.

### 2030, 2115 OR 2222?



The SDG agenda seeks to eradicate extreme poverty by 2030 (defined at US\$1.25 a day); given the most optimistic growth rates and environmental limits, critics argue that this target is impossible. As a model of poverty eradication, '*trickle down*' economic growth-led development will not work; it hasn't before and it won't in the future.

At US\$1.25 a day, with the current model of capitalism, it would take 100 years to eradicate extreme poverty and at US\$5.00 a day, it would take 207 years.

### 60% AND 5%



Just 5% of all income generated by global GDP growth from 1999 to 2008 went to the poorest 60% of humanity; the richest 40% received the remaining 95%; this clearly illustrates that '*trickle-down*' is a myth.

### 175



The number of times global GDP would have to increase if poverty were re-defined at US\$5.00 a day - nothing like this has been achieved to date, and critics argue that such growth would 'destroy' the planet.

# WORLD HUNGER:

## FROM THE SPECIFIC TO THE GENERAL - 'PERCENTAGE TO PROPORTION'

### 1994/460 MILLION



'...within a decade, no child will go to bed hungry' (Henry Kissinger, World Food Conference, Rome), then the FAO estimated there were 460 million hungry people in the developing world and that in 10 years it could reach 800 million.

### 23% - 15%



The figures changed again in 2012 (FAO argued the methodology 'improved'); the new figures argued that while 23% of the developing world was undernourished in 1990, a 'reduction' to 15% could be reported and progress declared.

### 788/1,023 MILLION



In 1996, the Rome Declaration on World Food Security was agreed (to cut the number of the world's hungry by half based on 1996 figures); the FAO then estimated some 788 million were hungry. By 2009, the number was 1,023 million (+30%).

### 1800 KILO CALORIES



Critics argue that the FAO definition of hunger is too narrow and too conservative; it hides realities and 'gravely underestimates' the size of the problem (the FAO accepts some of this and rejects the rest). Critics argue the FAO only counts people as hungry when caloric intake reaches 'rock-bottom' (around 1,800 calories per day - the minimum for a 'sedentary' lifestyle; the FAO insists this is but one criteria). However, most of the poor do not live such lifestyles; they usually work hard physically and need far more than 1,800 (the FAO agrees but the definition remains).

### 1990?



When agreeing the MDG agenda in 2000, two important changes were introduced - 1990 became the year against which progress would be measured, not 1996 (making the figures look much better for a variety of reasons). A second change was even more significant - 'percentage' of hungry people became 'proportion' - again making the figures look better.



## 1.5 - 2.5 BILLION

Based on calorie needs for 'normal' and 'intense' activity, there are between 1.5 and 2.5 billion hungry - and rising (FAO figures, 2-3 times the MDG figure). If China is removed from the equation (73% of reported progress on hunger was there, mostly in the 1990s before the MDGs), things are even worse. In reality, other developing countries have seen a *net increase* in hunger numbers.



## 3000 CALORIES EACH DAY

The SDG campaign needs to recognise that there are at least 2 billion people hungry (nearly one third of humanity) who cannot access adequate food while the world produces enough to feed everyone worldwide 3,000 calories per day.

*'Just poor', are the words thought by the global elite before the tragedy of misery scattered all over the world. With the lack of feeling of that which does not understand the suffering of its equals, the world economic elite does not consider human value in the faces of the poor, does not understand the sacrifice of destruction of human beings and commits the crime of destroying its own humanism.'*

Brazilian Cristovam Buarque 2001

*'This is not conscious corruption. It's a symptom of an institutional culture that has to prove it is achieving important progress. The 1990 change justifies the United Nations' efforts and jobs, as much as it quiets our consciences.'*

Argentinian writer Martín Caparrós, author of *El Hambre* (on world hunger) in the New York Times September 28<sup>th</sup>, 2014

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*'And even the rhetoric is appalling. At the 1996 World Food Summit in Rome, the world's governments grandly promised to halve the number of extremely poor people between 1996 and 2015, implicitly accepting 25,000 daily poverty deaths in 2015 and some 250 million such deaths in the interim. In the 2000 UN Millennium Declaration, they modified their promise - replacing 'number' by 'proportion' and extending the plan period backward to 1990. Taking advantage of rapid population growth and a huge poverty reduction in China during the 1990s, these clever modifications greatly dilute the target: the new promise, if fulfilled, would reduce the number of extremely poor people by only 19.5% between 1996 and 2015'*

**PHILOSOPHER THOMAS POGGE, GLOBAL JUSTICE PROGRAMME, YALE UNIVERSITY, 2012**

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## CHAPTER 1

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# WEALTH, POVERTY AND HUMAN DEVELOPMENT - NEW EXTREMES

JOHN DORNAN AND COLM REGAN

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**This chapter explores the** significance of the considerable progress made over recent decades in promoting the basic needs of the world's people – focusing on human development as the priority. It highlights improvements in poverty reduction, health, education, hunger, water and sanitation as they impact on the world's poorest. Such improvements have, however, taken place in

the context of systematic and growing inequality that threatens to undermine the progress made. Using evidence and argument from a wide range of sources, the chapter also introduces other threats and challenges to human development including climate change, political exclusion and the inherent contradictions of development led by economic growth.

### KEYWORDS:

EXTREME POVERTY NUMBERS; UNDERNOURISHMENT; CHILD MORTALITY; PROGRESS ACHIEVED; DEBATING POVERTY AND ITS MEASUREMENT; WEALTH AND POVERTY; THE 'BOTTOM BILLION'; CLIMATE CHANGE; THE POLITICS OF DEVELOPMENT





*Photo: Rajarshi Mitra*

## INTRODUCTION

The past three decades have witnessed substantial and life changing progress in a number of vital areas – poverty and hunger reduction, improved overall health (especially for women and children), rising literacy and schooling statistics, improved access to safe and clean water and sanitation, reduced gender inequality in some areas and generally improved human security. Despite ongoing debates about measurement (see chapter 2), the following snapshot illustrates key dimensions of the progress achieved as well as the scale of the injustices remaining.

- The absolute number of people living in extreme poverty (those living on less than US\$1.25 per day) fell from an estimated 1.9 billion in 1990 to an estimated 1 billion in 2011 with a further 165 million lifted out of such poverty as of 2015 – yet 1 billion people (a likely underestimate) live in ‘low human development’.
- The child mortality rate fell by more than half, while under-five deaths fell from 12.7 million to 6 million - yet 11 children under 5 years die every minute while an estimated 33 mothers die every hour.
- The number of people undernourished globally has declined from an estimated 1 billion in 1990/1992 to about 795 million people today - yet this figure still represents almost 10% of total world population.
- While there has been a major decline in ‘inter-state wars’ since the 1950s, a reduction in murder rates worldwide and a global spread of human rights culture, there continues to be a proliferation of civil wars involving devastating conflict (as in Palestine and Syria).

(Sources: UNDP Human Development Report 2015; Human Security Report 2013 and Freedom in the World 2016)

This snapshot highlights what has been achieved (especially since 1990) but, more importantly, what can be achieved. However, despite such a positive

analysis, the progress achieved is highly uneven within and across regions and countries and is now increasingly under threat from political and economic fundamentalism as well as from growing and chronic inequality, escalating climate change and environmental degradation (fuelled by the overconsumption of some), and regional conflict. As has so often been the case, these trends and patterns affect the poorest, most vulnerable and least empowered most.

Despite talk of progress and equality, the richest countries today are exponentially richer than the poorest and the ratio between the world’s richest and poorest in per capita terms now stands at a staggering 65:1. While the world is in so many ways increasingly globalised, interconnected and wealthier than ever before, it is simultaneously increasingly fragmented, unequal and is now at growing risk from its own internal mechanisms and contradictions.

Oxfam summarised this current reality in a 2016 briefing paper as follows:

*‘There is no getting away from the fact that the big winners in our global economy are those at the top. Our economic system is heavily skewed in their favour, and arguably increasingly so. Far from trickling down, income and wealth are instead being sucked upwards at an alarming rate.’*

(Oxfam, *An Economy for the 1%* January 2016:3)

This chapter explores and analyses key aspects of these realities setting the scene for much that follows in subsequent chapters. It places particular emphasis on poverty and wealth in the world today in addition to highlighting the progress in human development achieved over the past number of decades. It also explores some of the inherent contradictions ‘hardwired’ into current dominant development models and strategies.



# MEASURING DEVELOPMENT

This section explores two frequently used ways of measuring and mapping development, as well as a range of other development indicators. At the end of the section, data for selected countries illustrates how these indicators compare and highlights many dimensions of progress in human development.

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## WEALTH

A number of similar indicators measure a country's wealth - Gross Domestic Product (GDP) measures the production of goods and services in a country while Gross National Product (GNP) includes GDP, plus income earned by residents from overseas investments minus income earned within the domestic economy by overseas residents. The World Bank now uses Gross National Income per capita (GNI) which is very similar to GNP. All are measured in US\$; they are often expressed per capita, that is, proportional to a country's population.

Wealth per capita is widely used as a measure of development and is straightforward to understand. For example, it is used by the World Bank as a basis for its categorisation of low, lower middle, upper middle and upper income countries. This is a more sophisticated view of the world than the often simplistically used 'developed/developing' or 'north/south' divisions (see the discussions of 'labels' and terminology in Chapter 2). It is firmly linked with ideas of development as being primarily about wealth and, by comparing countries in this way, with a 'modernisation view of development' (see Chapter 2). It has little to say about the social, political and cultural aspects of development.

Wealth has a number of particular disadvantages as a measure of development; in common with other measures, it is an average for the country as a whole, so it does not show inequalities within countries. Perhaps more significantly, wealth data do not include those forms of production that are not accounted for, such as subsistence agriculture,

unpaid work (for example in the home), or work in the 'informal' economy. These aspects of the economy are likely to be comparatively more significant in Third World countries.

A further weakness is that comparisons in wealth are made between countries with huge differences in living costs; for example, you can buy much more for US\$1 in India than in the US. So a variation is to make comparisons using Purchasing Power Parity, which accounts for differences in the cost of living (on this basis, China has already overtaken the US).

## HUMAN DEVELOPMENT

The Human Development Index (HDI) was devised by the United Nations Development Programme (UNDP) as an alternative and is now widely used as an indicator of human progress and quality of life. It is based on a score derived from three measures: life expectancy, education (literacy and years of schooling) and income (purchasing power in parity US dollars). As HDI includes both social and economic aspects, it is widely accepted as a more satisfactory view of development than those based on economics alone. The HDI is focused on people and their needs, and so can be linked with views of development focused on social justice. UNDP uses the HDI to categorise the world into high, medium and low human development.

The 2015 Human Development Report predictably shows high HDI values in Western Europe, North America and Australasia, and low human development in much of Africa. However, parts of Central and South America, the Caribbean, the Middle East, East and South-East Asia also have high HDI scores. In 2014 Norway had the highest score and Niger the lowest (for more, see Tables 1.4 and 1.7).

In 2010, the HDI was amended to take inequality into account with the development of the Inequality Adjusted Human Development Index. Using this new measure highlights how inequality impacts on human development – for example, when adjusted for inequality, the US drops 20 places in the 2014 human development table. Regionally, it is estimated that the losses in human development due to inequality amount to 33% in sub-Saharan Africa, 29% in South Asia, 25% in Arab states and 24% in Latin America and the Caribbean.

Although in general the wealthiest countries have the highest levels of human development, there is not always a straightforward link between wealth and high HDI especially when reviewed over time. Some of the top movers in the HDI since 1970 include several countries in East and South Asia and the Arab States (in North Africa and the oil-rich Gulf region). Oman heads the top 10 list followed by China, Nepal and Indonesia. Reviewing the top 10 in non-income HDI terms highlights some interesting case studies; for example, Ethiopia, Iran and Algeria score highly in health and education improvements as distinct from those in income. Countries such as Botswana and India score highly on the income improvement dimensions of the HDI. This is because several countries make it into the top 10 listings as a result of their high achievements in health and education despite unexceptional economic performance.

## A NOTE ON THE HUMAN DEVELOPMENT INDEX (HDI)

The HDI was developed in 1990 by a team led by Pakistani economist Mahbub ul Haq and influenced by the ideas of Nobel prize-winning economist Amartya Sen.

Expanding the choices people effectively have is central to the definition of well-being underpinning the concept of human development. In order to expand those choices, however, people must be empowered to do so – most notably by being healthy and by being educated. The HDI therefore takes these three dimensions (economic, health, and education) and creates a composite index by which a country's level of human development can be measured and compared to other countries. Thus, for the creators of the HDI, human development has three fundamental components – *well-being* (expanding real freedoms so that people can flourish), *empowerment and agency* (enabling people and groups to act and to generate valuable outcomes) and *justice* (expanding equity, sustaining outcomes over time and respecting human rights and other goals of society). These dimensions of development are explored further in the various chapters that follow.

A number of criticisms have been levelled at the HDI: that it fails to include any ecological dimension; that by focusing on individual nations and ranking them it fails to consider development from a global perspective; that it did not include an adequate gender dimension (though this has now been addressed). Some critics have considered the data on which it is based to be flawed, while others have not had a problem with the HDI itself, but believe it to be a reinvention of the wheel, showing nothing that wasn't evident prior to its creation.

In the 2010 report, the HDI indicators in education and income were modified and the collection method was also changed in four dimensions:



- Mean years of schooling replaced literacy.
- Gross enrolment is shown as expected years of schooling which gives the years of schooling that a child can expect to receive given current enrolment rates.
- Gross National Income (GNI) per capita replaced Gross Domestic Product (GDP) as income earned and remittances received as well as sizeable aid flows lead to large differences between the income of a country's residents and its domestic production.
- The data collection method in the three dimensions changed (from an arithmetic mean to a geometric mean) - as well as recognising that health, education and income are all important; poor performance in any dimension is now directly reflected in the reporting.

Other significant changes were also introduced in 2010 – the HDI focused increasingly on deprivation, vulnerability and inequality and included the *Inequality Adjusted Human Development Index* (this measures the losses in human development due to inequality in health, education and income); *the Gender Inequality Index* (this reveals gender-based disparities in reproductive health, empowerment and labour market participation) and the *Multi-Dimensional Poverty Index* (which identifies overlapping deprivations suffered by households in health, education and living standards). The changes reflect advances in knowledge and information and allow for innovation in measuring multidimensional inequality and poverty, which can then be applied internationally to enable comparisons to be made and to provide new understandings and insights on human development.

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*IN 2010, THE HDI WAS AMENDED TO TAKE INEQUALITY INTO ACCOUNT WITH THE DEVELOPMENT OF THE INEQUALITY ADJUSTED HUMAN DEVELOPMENT INDEX.*

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## UNDER-FIVE MORTALITY

Another sensitive measure of human development is the under-five mortality rate which measures the number of children per 1,000 live births who die before their fifth birthday.

This is similar to the Infant Mortality Rate (IMR) which measures the proportion of children who die before their first birthday. UNICEF argues that these measures are important as they indicate the end result of the development process, as it impacts on children.

It is also a useful indicator of a population's health and nutritional status, and of social progress through health-care and educational programmes; high infant and under-five mortality rates closely correlate with high adult mortality and low life-expectancy. Use of these child mortality rates often derives from a 'basic needs' approach to development (see Chapter 13).

In 2015 (World Bank data), Iceland, Japan, Estonia, Andorra, Finland and Luxemburg had the lowest under-five mortality rates (at 2 per 1000) and Angola and Sierra Leone the highest (at 96 and 87 per 1000, although both of these figures represent hugely significant reductions on previous mortality rates).

However, overall mortality rates for sub-Saharan Africa and the world's Least Developed Countries continue to decline significantly from previous highs (the UN Population Division estimates these figures in 2015 at 64 and 57 respectively).

## HUMAN DEVELOPMENT TODAY

According to the Human Development Report for 2015, between 1990 and 2014 the number of countries in the very high human development classification rose from 12 to 46 while the population in that group increased from 0.5 billion to 1.2 billion. In the same period the number of countries in the low human development classification fell from 62 to 43 and the population numbers in that group fell from 3.2 billion to 1.2 billion. Progress on the Human Development Index has also been significant at the individual country level; for example, Ethiopia increased its HDI value by more than half; Rwanda by nearly half; five countries, including Angola and Zambia, by more than a third and 23 countries (including Bangladesh, the Democratic Republic of the Congo and Nepal,

by more than a fifth). The Report also notes that the fastest progress was among many low human development countries.

Over the past decades, Human Development Reports have highlighted the fact that there is no automatic link between income and human development. While income is of key importance in the HDI it remains just one of its four indicators - economic growth does not automatically translate into higher human development. For example, Equatorial Guinea and Chile have similar gross national incomes per capita (in Purchasing Power Parity terms) but different HDI values; by contrast, Gabon and Indonesia have different incomes but similar HDI values.

**TABLE 1.1** Similar human development, different income 2014

COUNTRY	HDI	GNI PER CAPITA (PPP US\$)
Australia	0.935	42,261
Switzerland	0.930	56,431
South Africa	0.666	12,122
Vietnam	0.666	5,092
Burkina Faso	0.402	1,591
Burundi	0.400	758

Source: UNDP Human Development Report, 2015

**TABLE 1.2** Similar income, different human development 2014

COUNTRY	GNI PER CAPITA (PPP US\$)	HDI
Canada	42,155	0.913
Bahrain	38,599	0.824
Sri Lanka	9,779	0.757
Indonesia	9,788	0.684
Zimbabwe	1,615	0.509
Haiti	1,669	0.483

Source: UNDP Human Development Report, 2015

Based on information from the annual Credit Suisse databook, the table below illustrates the changes in household wealth by region for 2015 highlighting global disparities further.

**Table 1.3** | Change in Household Wealth 2015 by Region

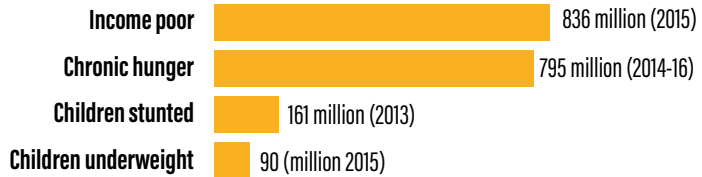
Region	Total Wealth 2015 US\$ bn	% of Total	Change in Total Wealth 2013 US\$ bn	% Change	% Change in Wealth Per Adult
Africa	2,596	1.03	- 223	- 7.9	- 10.3
Asia Pacific	45,958	18.37	- 5,355	- 10.4	- 12.0
China	22,817	9.1	+ 1494	+ 7.0	+ 5.9
Europe	75,059	30.0	- 10,664	- 12.4	- 12.5
India	3,447	1.38	- 35	- 1.0	- 3.1
Latin America	7,461	2.98	- 1,535	- 17.1	- 18.5
North America	92,806	37.1	+ 3,897	+ 4.4	+ 3.2
World	250,145		12,420	4.7	6.2

Source: James Davies, Rodrigo Lluberias and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

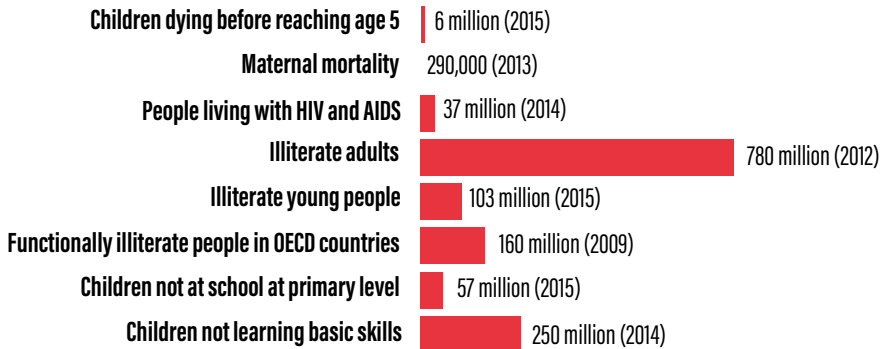
FIGURE 1 | EXTENT OF HUMAN DEPRIVATION IN THE WORLD



Poverty and hunger



Health, mortality & education



Lack of access to basic social services



Source: UN 2015; UNAIDS 2015; UNESCO 2013, 2014

