

Poverty and Distribution: 25 Years Ago and Now

Ravi Kanbur

www.kanbur.dyson.cornell.edu

CPRC, Manchester, 8 Sept. 2010

Four Papers

- Ravi Kanbur, ["Globalization, Growth and Distribution: Framing the Questions"](#), in Ravi Kanbur and A. Michael Spence (Eds.) *Equity and Growth in a Globalizing World*, 2010.
- Ravi Kanbur, ["Poverty and Distribution: Twenty Years Ago And Now"](#), July, 2008.
- Ravi Kanbur, ["The Co-Evolution of the Washington Consensus and the Economic Development Discourse"](#), August, 2008.
- Ravi Kanbur, ["Protecting the Poor Against the Next Crisis"](#), April, 2010.

1985 vs 2010

- Many things are the same (and always will be)
 - State versus Market debate goes in cycles
- But my focus is on things that are different between now and 25 years ago.
- I will highlight a few things that appear to me to be different.
- And then focus on one of these—Macro shocks and the poor.

1985 vs 2010

- Facts and Empirics
- Concepts and Theory
- Policies and Interventions

1985 vs 2010

- Facts and Empirics
 - Just More Facts
 - Trends in Poverty and Inequality
 - Micro and Macro Evaluation
- Concepts and Theory
 - Poverty Dynamics and Risk
 - Gender and Intrahousehold
 - Multidimensionality and Interdisciplinarity
- Policies and Interventions
 - Cash Transfers
 - Governance and Institutions
 - Global Public Goods
 - Macro Crises and Safety Nets

1985 vs 2010

- Facts and Empirics
 - Just more facts
 - Stylized narratives
- Concepts and Theory
 - Multidimensionality and Interdisciplinarity
- Policies and Interventions
 - Macro Crises and Safety Nets

1985 vs 2010

- Just more facts
 - WB LSMS website; 60 surveys for 30 countries; ALL are after 1985.
 - DHS website; 175 surveys; most from 1990s onwards
 - Africa; 1985—no modern HH IES; Africa Household Survey Databank, lists 406 surveys; most from 1990s onwards
 - China from mid 1980s onwards
 - Panel data. Mid 2000s, around 15 countries; more now.

1985 vs 2010

- Stylized narrative
 - Mid 1980s; dominant narrative of the previous 20 years—growth with equity in East Asia. Role of globalization in this trajectory.
 - Mid 2000s; dominant narrative of the previous 20 years—growth with rising inequality the world over. Role of globalization in this trajectory.

1985 vs 2010

- Multidimensionality and Interdisciplinarity
 - WDR 1990 and HDR 1990
 - Value of multidimensionality (health, education)
 - WDR 2000/2001
 - Risk and Vulnerability
 - Voice and Accountability (“Empowerment”)
 - Qualitative, Quantitative and Interdisciplinarity

1985 vs 2010

- Macro shocks and the poor
 - 1997 Financial Crisis
 - 2008/9 Financial Crisis

Macro Crises and the Poor

- The Global Financial Crisis of 2008-9 will pass (as did the crisis of 1997).
- But *CRISES*, macro level shocks over which the country itself has no control, will be with us always.
- Crises are (always were?) the new normal in development.

Macro Crises and the Poor

- Impact of crises on the poor has been and is being well documented. Short term and long term consequences.
- But two uncertainties in designing responses to protect the poor against these the impact of macro level shocks.

Macro Crises and the Poor

- Uncertainty of Crisis Type: Financial, Climatic, Medical, Political, etc.
- Uncertainty of Crisis Timing: When it will hit and when it will recede.

Macro Crises and the Poor

- Uncertainty of Crisis Type means our response has to be *Comprehensive*
- Uncertainty of Crisis Timing means our response has to be *Ex Ante*

Macro Crises and the Poor

- Three proposals
 - Like the Financial Sector Assessment Program (FSAP), a Social Protection Assessment Program (SPAP)
 - Based on this, financing of improvements to safety nets to improve on coverage and flexibility
 - A *prequalified* line of credit to finance increased needs for social protection when a crisis hits.

Macro Crises and the Poor

- Crisis Response Window for IDA 16 (2011-14)?
 - Makeshift window in IDA 15
 - Why not a Deferred Drawdown Option (DDO) as in IBRD?
 - Additionality or not?

Conclusion

- 1985 vs 2010; Many similarities (state vs market debate); Many differences.
- Among the differences highlighted here: More facts, rising inequality, interdisciplinarity, macro shocks
- On macro shocks, we need (i) an FSAP for Social Protection and (ii) we need to establish a crisis response window focused on the poor in IDA 16

Thank You!