



King's Research Portal

DOI:

[10.1057/ejdr.2016.2](https://doi.org/10.1057/ejdr.2016.2)

Document Version

Peer reviewed version

[Link to publication record in King's Research Portal](#)

Citation for published version (APA):

Sumner, A. (2016). Why Are Some People Poor? *European Journal of Development Research*, 28(2), 130-142. <https://doi.org/10.1057/ejdr.2016.2>

Citing this paper

Please note that where the full-text provided on King's Research Portal is the Author Accepted Manuscript or Post-Print version this may differ from the final Published version. If citing, it is advised that you check and use the publisher's definitive version for pagination, volume/issue, and date of publication details. And where the final published version is provided on the Research Portal, if citing you are again advised to check the publisher's website for any subsequent corrections.

General rights

Copyright and moral rights for the publications made accessible in the Research Portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognize and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the Research Portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the Research Portal

Take down policy

If you believe that this document breaches copyright please contact librarypure@kcl.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.

Why Are Some People Poor?

Andy Sumner

King's International Development Institute, King's College, London, UK.

E-mail: Andrew.sumner@kcl.ac.uk

Abstract

This article reviews the debate on the changing 'geography' or location of global poverty. Specifically, that most global poverty is concentrated in a set of populous countries that have transitioned from low income countries to middle income countries. The article argues that the shift in global poverty implies a questioning of the dominant theory of absolute poverty in all but the world's very poorest countries: that is, that poverty in developing countries is explicable at societal level by insufficient public and private resources to address absolute poverty. Instead, it is argued that a structural theory – meaning here a theory that takes account of questions of distribution – is increasingly relevant to most (but not all) of global poverty.

European Journal of Development Research (2016) 28, 130–142. doi:10.1057/ejdr.2016.2

Keywords: poverty; inequality; distribution

Introduction

Why are some people poor? Why does poverty persist even with rapid economic growth? What types of late capitalism are associated with more or less equitable socio-economic outcomes? A series of papers and books since 2010 have discussed these questions that relate to the shifting location or 'geography' of global poverty.¹ The shift in global poverty is that poverty has 'moved' from low-income countries (LICs) to middle-income countries (MICs), and as a result about a billion people or up to three-quarters of the world's poor now live in MICs. This raises various questions about the distributional patterns of economic development and the effectiveness of growth in reducing poverty, as well as questions about the allocation of aid and the dominant country analytical categories of low and middle income themselves. More fundamentally, there is a question, which is the focus of this article, about whether the causes of global poverty are in the process of changing and what that implies for theories of absolute poverty in the developing world.²

Theorizing on the causes of absolute poverty in the developing world has tended to underemphasize questions of national distribution, which has led to poverty not being seen as being a structural outcome of specific patterns of growth and distribution. This is, at least in part, because of a prevailing assumption that distribution is not a central factor in explaining poverty if everyone is poor. If it is no longer the case in many developing countries that everyone is poor, then theories of poverty that relate to distribution potentially have a new-found relevance. This article revisits the geography of poverty discussion and reviews the overall trends in, and changes in the distribution of, global poverty updating with the latest data. The article then discusses theories of poverty and how the shift in global poverty observed has implications for theorizing about the causes of absolute poverty in most, but not all, of the developing world. The final section concludes.

Global Poverty Since the Cold War

As noted at the outset, since 2010, a series of articles has discussed a shift in the location or 'geography' of global poverty. The shift is quite simple: that the distribution of global poverty has shifted from countries officially classified by the World Bank as LICs towards countries classified as MICs. This has led to the following stylized fact: three-quarters of the world's poor live in MICs. This amounts to about a 'new bottom billion' of poor people who live in MICs. This is in contrast to Collier's (2007) original 'bottom billion' that was the total population of 58 poor countries.³

Of course the world's poor have not 'moved'. What has happened is that the countries where many of the poor live experienced striking increases in average incomes and poverty did not fall as much as one might expect in absolute numbers, in many countries. Although there is no sudden change in countries (or people) when a line is crossed in per capita income, higher levels of average per capita income do imply substantially more domestic public and private (taxable) resources available for poverty reduction and greater access to private capital markets to further expand resources. This shift has thus implications for debates on the future of aid, its allocation and purpose (see for discussion Glennie, 2011; Poke and Whitman, 2011; Herbert, 2012; Kanbur and Sumner, 2012; Keeley, 2012; Lundsgaarde, 2012; Ottersen et al, 2014; Koch, 2015) and the continued

relevance of the country classification categories that are often used in various ways debate over aid allocations and more generally (see for discussion Alonso, 2012; Vásquez and Sumner, 2013, 2015; Alonso et al, 2014; Madruño-Aguilar, 2015). More fundamentally, this article argues that there are questions about whether the shift implies a need to revisit theories of the causes of global poverty (see for related discussions Sumner, 2010, 2012; Haddad, 2012, 2014).

First, what has actually changed? Figure 1 shows the number of Low-Income, Lower-Middle, Upper-Middle and High-Income Countries (respectively, LICs, LMICs, UMICs and HICs), from 1987, when the World Bank classification began, to 2013 (the most current classification as this is based on GNI Atlas per capita from 2 years prior). Figure 1 shows the decline in the number of LICs (less than US \$1045 GNI Atlas per capita in 2013) notably since about 2000 as before that the number of LICs had been rising (partly because of the transition/economic collapse following the end of the Cold War in Eastern Europe and the break-up of the Soviet Union). The number of LICs started to drastically fall over the 2000s from approximately 60 LICs at the turn of the century to about 30 LICs today. The number of HICs (which are countries with more than \$12 000 GNI Atlas per capita in 2013) has doubled from about 40 in 1990 to about 80 in 2013. The MICs are a heterogeneous group of countries, which is not surprising given their average income ranges currently from approximately \$1000 to \$12 000 per capita albeit, with a demarcation at \$4000 to separate LMICs and UMICs. In contrast, the remaining LICs are now relatively homogenous in terms of their structural economic characteristics and a shared poor recent growth history, and almost all are members of the UN grouping of Least Developed Countries. The new MICs include many fast growing 'emerging economies' where economic growth with structural change is evident, such as China, India, Nigeria, Indonesia, Bangladesh and Vietnam. These populous countries are home to many of the world's absolute poor. There are also a set of post-socialist countries or 'bounce-back' new MICs that experienced economic collapse and have grown back to MIC levels (for example, Albania and Ukraine). Finally, there are various islands and countries with less than 10 million population (for example, Mongolia, Nicaragua, the Maldives and Bhutan). Figures 2 and 3 show the proportions and absolute numbers of the population of the developing world living in poverty taking the following consumption lines (in 2011 PPP):

- \$1.90-a-day (the new World Bank poverty line, which is the adjustment of the former \$1.25 line in 2005 Purchasing Power Parity (PPP) and also the median of national poverty lines in LICs. For discussion, see Ferreira et al (2015) and for a critique see Lahoti and Reddy (2015);
- \$3.10-a-day (the new World Bank upper poverty line derived from the earlier \$2-a-day poverty line in 2005 PPP);
- \$5-a-day (the median and mean of all developing country national poverty lines) and;
- \$10-a-day (a daily consumption associated with permanent escape from poverty in longitudinal studies – see López-Calva et al, 2014).

Figure 1: Number of LICs, MICs and HICs, 1987–2015.
Source: World Bank (2015a).

Figure 2: Percentage of population of developing countries who consume under \$1.90, \$1.90–\$3.10, \$3.10–\$5 and \$5–\$10 per day and above \$10 per day (2011 PPP), 1981–2012.
Source: World Bank (2015b).

This is all monetary poverty which has to be taken with the usual set of caveats. Of course one can also take multi-dimensional poverty as more and more countries have two data points (see Alkire et al, 2015b). Figures 4–6 then show the distribution of the consumption groups by type of country – low, middle and high income. What do the charts show? First, Figures 2 and 3 show that by whatever poverty line taken poverty has fallen.⁴ However, this is less impressive when China is removed.

Figures 4–6 then show the global distribution of absolute poverty by \$1.90, \$3.10 and \$5. By these poverty lines, the share of global poverty accounted for by China has fallen from approximately 40 per cent of global poverty in the early 1980s to approximately 10–15 per cent in 2012. In contrast, the share of global poverty accounted for by India has remained about the same, or risen slightly if the higher consumption lines are used for the same period. The proportion of global poverty in LICs and UMICs has remained largely the same. It is in other LMICs where the proportion of global poverty has increased. This includes a small set of populous countries notably Bangladesh, Nigeria, Pakistan, Indonesia among others. In short, the world's poor are now concentrated in a group of countries, most of which have grown substantially over the last generation. In these countries poverty in absolute numbers has not fallen as much as one might expect, and certainly not as much as in China, where most of the

global gains for poverty reduction have been made.

Figure 3: Percentage of population of developing countries excluding China who consume under \$1.90, \$1.90–\$3.10, \$3.10–\$5 and \$5–\$10 per day and above \$10 per day (2011 PPP), 1981–2012.
Source: World Bank (2015b).

Figure 4: Distribution of population of developing countries below \$1.90 by LIC/LMIC/UMIC, 1985–2012.
Note: Classification begins 1987 which is based on GNI pc in 1985 so graphs start in 1985.
Source: World Bank (2015b).

These lines for LICs/MICs and poor/non-poor people are all constructs, of course, and the results are a function of where the lines are drawn. The consumption lines for poor people, and income lines used for low and middle income per capita, are arbitrary in the sense that where you cut the line determines the number of people and countries above and below. We can see this sensitivity in Figures 7 and 8. If we consider the population density curve for all developing countries, we can consider just how sensitive the lines drawn are. We find that the density of population at the lower end of the developing world distribution would point towards the use of higher poverty lines, as lines below produce estimates of poverty that are sensitive to where the line is drawn because of the higher density of population at those consumption levels. However, in this discussion we are not concerned per se about the precise numbers in each 'band' of consumption. The thesis of the article is the overall shift from the late 1980s from a world of poor people in poor countries to a world of poor people in fast-growing countries with substantial increases in average income.

Figure 5: Distribution of population of developing countries, 1985–2012, under \$3.10 by LIC/LMIC/UMIC, 1985–2012.
Source: World Bank (2015b).

Figure 6: Distribution of population of developing countries, 1985–2012, under \$5 by LIC/LMIC/UMIC, 1981–2012.
Source: World Bank (2015b).

We can also consider the sensitivity of the country thresholds. Whether revising or updating the LIC/MIC threshold would make a difference would depend on how much it was revised by. Nigeria, India and Pakistan had experienced their GNI Atlas per capita rise by 2013 to \$2700, \$1600 and \$1400 GNI Atlas per capita, respectively, (and \$5400, \$5200 and \$4500 in GDP PPP per capita) which is substantially above the \$1045 GNI Atlas per capita threshold. The shift in global poverty is not a product of the world's poor living in countries, who have only just crossed the threshold in average income per capita into the MIC group. One would need to at least double (or triple) the LIC/MIC threshold to make much of a difference, as that would push India (and Nigeria) back under the threshold. One would need to increase the threshold by four-fold or sixfold to bring Indonesia and China, respectively, back into the LIC group of countries. There is one exception – Bangladesh, which has just crossed the LIC/MIC threshold this year (Figure 8). There are, however, all sorts of important questions about the setting of the line for the threshold of LIC to MIC (and HIC), and indeed the classification by income needs a substantial review given that it was established in the late 1980s (see discussion in Sumner, 2012). For example, GNI per capita ought perhaps to be in PPP\$, with the large caveat that PPPs for the poorest countries are subject to considerable contention, as this would make comparisons over time and across countries stronger (see Edward and Sumner, 2014). More importantly, multidimensional approaches to clustering developing countries by more than income per capita suggests that, as is well known, income per capita is not always a good correlate to other dimensions of development, and there is no unequivocal linear development pathway from LIC to MIC (See Vásquez and Sumner, 2013).

Figure 7: Population density curve for developing countries (millions of people), \$0–\$10, 2012, with and without China.
Source: World Bank (2015b).

Figure 8: Developing country population by GNI per capita, 2013 (plots proportional to population size).
Source: World Bank (2015b).

That said, the current LICs do largely fall into one clustering of countries, which is that group with the poorest characteristics across various economic, social and political dimensions. In contrast, the current MICs are much more heterogeneous (see Vásquez and Sumner, 2015, p. 14–17). If one wants a crude classification, the income per capita country classification used by the World Bank does not do too bad a job in separating the very poorest countries from other countries that are no longer stuck at the bottom.

What may be of more significance is that the current LIC/MIC threshold has both symbolic and real impacts. It is seen by many donors and politicians as a symbolic line to cross. It does – in general – lead to greater access to private capital markets. It is – broadly speaking – worth in real terms what it was worth in the late 1980s. LMICs are also considerably more developed by a range of indicators compared with the remaining LICs. The aspects that differentiate LMICs from the remaining LICs are growth prospects and structural economic characteristics. The remaining LICs are much more homogenous as a group. Not only do the remaining LICs have weak growth history suggesting weak growth prospects they also they face the structural economic handicaps that characterize the LDC classification such as literacy rates and an export structure dominated by primary goods. In fact almost all of the remaining LICs are now LDCs.⁵

In sum, as arbitrary as the LIC/MIC threshold may seem in the first instance, it has some underlying logic in at least two senses: first, the remaining LICs are now those with poor recent growth records and structural handicaps that shape the LDCs (as most of the remaining LICs are). Second, crossing the threshold does lead to reassessment of credit worthiness by the credit rating agencies and thus – in principle – access to private capital markets. It also has symbolic value in the sense that some freedom follows through a changing relationship with aid donors as the only source of development finance, which is often accompanied by conditionalities. The more significant point may well be seen as the remaining 30 LICs who appear to be stuck at the bottom for the foreseeable future, suggesting there is a difference between those countries joining the ‘middle’ and those left behind.⁶

Revisiting Theories of Absolute Poverty

To date, global poverty has been considered explicable with reference to a theory of absolute poverty that is largely based on insufficient domestic public and private resources. Does the shift in global poverty described above question the value of the dominant or orthodox theory of global poverty? If (almost) everyone is poor then distribution is an irrelevant variable in explaining poverty. If it is no longer the case that almost everyone is poor then there is a question mark over existing theories of poverty in the developing world. It is argued henceforth that increasingly absolute poverty in the developing world will be explicable not by the lack of resources at societal level but by the distribution of these resources, and thus issues of political economy and governance of growth and public finances. This thus resonates strongly with Sen’s discussion of the causes of famine.

One could say that orthodox theories of absolute poverty have tended to date to focus on issues of insufficient resources at various analytical levels in developing countries. One can refer to these types of theories of poverty henceforth as ‘material’ theories of poverty. One can argue that theories of absolute poverty have tended to overemphasize the micro-level to the detriment of the macro-level and often describe the symptoms of individual poverty rather than the underlying societal causes. To date poverty has been largely measured and defined in terms of a set of deficits such as in the quantity or quality of income, nutrition, health and education or a poverty-line set based on these. However, none of these are underlying causes of poverty in themselves. Deficits in well-being rather describe the immediate consequences of poverty than present a theory on the causes of poverty.

Each theory of poverty implies a different type of state response or ‘public responsibility’ in terms of the social policy, or the welfare regime, or more generally the governance of growth (the management of growth processes and distribution of opportunities and benefits from growth and economic development). For example, if poverty is structurally related to distribution of wealth, income, opportunities and labour markets, then there is a substantial role for a state to govern growth and redistribute with an interventionist welfare regime.

Material theories of poverty might also be labelled as deficit or ‘deprivational’ theories. These are based on deprivations or deficits of something – typically productive and human assets and livelihood opportunities related to these assets and vulnerabilities or hazards faced or exposed to. Such theories are discussed in the well-known reviews of Ravallion (2013) as well as in those of Ruggeri et al (2003) and Stewart et al (2007). In such theories, the poor have few private assets and/or limited access, entitlements or claims to public or common assets. Thus, people are poor as they have few assets from which they can extract income and consumption. Such theories are largely individual-based – at which level these theories are logically consistent – rather than taking societies as their unit of analysis. In some cases there may be household, village or higher units of assessment of assets and livelihoods, but poverty research rarely focuses on distribution at the societal level. In contrast to the above, a heterodox or alternative group of theories that could be labelled as structural, distributional or relational theories of poverty may be increasingly relevant given the shift in global poverty outlined earlier. Such theories have so far been less systematically applied at a macro or societal level to developing countries under the assumption that they are of less

relevance if (almost) everyone is poor. Important examples of approaches to poverty that have sought to bring in aspects of a more structuralist approach include (and this is not intended to be more than an indicative list): the livelihoods literature, which has emphasized asset accumulation (see for example, Moser, 1998, Krishna, 2006); the development of multi-dimensional poverty measures that include household assets (for example, Alkire and Foster, 2011; Alkire et al, 2015a, b); distributional questions raised in participatory poverty assessments (for example, Narayan et al, 1999); the literature on the concept of human well-being that has expanded the lens of poverty research to include relational (social and personal) aspects of human well-being (see for example, Gough and McGregor, 2007), and theorising related to 'welfare regimes' and the set of policies and institutions that support welfare improvement (see Wood and Gough, 2006); and the attention to assets that is also central to research on the intergenerational transmission of poverty and broader research on poverty dynamics (see for example, Hulme and Shepherd, 2003; Bird, 2007). Most notably, the empirical survey of longitudinal data sets in Dercon and Shapiro (2007) draws out the causes of remaining in (or escaping from) poverty that include changes in economic and social assets as well as structurally based factors such as social exclusion or discrimination and being located in remote or otherwise disadvantaged areas. A question then follows as to how such factors are distributed across any given society. Sen (1983), argues that, although in terms of absolute deprivations capabilities are likely to be set across societies, poverty relates to the society in the sense that the resources required to expand capabilities are dependent on what is available in a given society. Townsend (1979) too identified that theories of poverty require attention to the analysis and distribution of resources, the patterns of production and distribution, the forms of consumption that different resources generate, the social classes that influence relationships in the system and the over-representation of minority groups among the poor. Although such theories have in general been well applied to OECD countries, there has been more limited application of them in developing countries to date. Of course Townsend himself made use of such theories in his own research (see for example, Townsend and Gordon, 2002; Gordon et al, 2002).

One further example of a structural theory of poverty is that of Harriss-White (2005), who argues in favour of shifting from theories based on individual deprivation to theories based on an explanation of the unequal distribution of power, wealth and opportunity, and thus the social processes, structures and relationships that lead to poverty and its reproduction. She argues that it is impossible to eradicate poverty as it is created by processes of accumulation and is synonymous with capitalism itself.⁷

Structural, distributional or relational theories such as Harriss-White's are based on the structural position of the poor within the distribution of wealth and income and their labourmarket position. The poor's hierarchical location in the social structure determines the choices people have and their consequences. The social structure continually recreates a population of poorer people because income/consumption levels at the lower end of the distribution start low and typically grows at the rate of the mean rather than the income/consumption growth of the richest. Even if the income/consumption at the bottom of society were to rise faster than that of at the top of society, given the low starting point it would take a long time to make any large difference to the level of absolute inequality. In terms of inequality, the stability of the social structure exists as people at each level use their resources to protect their advantage and pass that advantage on to their children in the intergenerational transmission of inequality. Furthermore, the poor operate in informal, volatile and insecure labour markets such as seasonal agricultural wage labour or informal urban service sectors leading to large fluctuations in income/consumption at different points in time. Access to public entitlements and public goods and assets may be haphazard and mediated via the non-poor who may have perceptions about the 'deserving' and 'undeserving' poor and/or demand informal payments to allow the poor access to their state entitlements that diminish their net value to the poor. In short, in such theories poverty is caused by structural factors including the distribution of wealth and thus income, the distribution of education and human capital and the related stratification of labour markets (the existence of lower and more highly rewarded labour markets, which may also be characterized by uncertainty, informality and differing prospects to raise incomes). Poverty is also caused by discrimination and prejudice faced by the poor as a result of perceptions of hierarchy and status that condition inequality and resource access in terms of class, gender, ethnicity, sub-national geography and age. Such theories may extend poverty into concepts of social exclusion, which would allow for deprivations and wealth to be discussed together. It also explores the processes that generate each of these, as well as the exclusion of some groups from the benefits of economic growth (see for discussion Hills and Stewart, 2005).

It follows that social and political structures are inter-related, as is the extent to which re-distribution of resources are included in policy such as social protection and social insurance and access to education and employment by the reallocation of other public spending (and who pays tax and how much). Take, for example, fossil fuel subsidies: post-tax fossil-fuel subsidies in

developing countries in 2011 amounted to \$895 billion in current dollars (or almost two trillion in 2011 PPP dollars) (Clements et al, 2013). Although energy prices have fallen since these estimates it would seem unlikely that prices will remain permanently low. As such these estimates are indicative of domestic resources available to developing countries. Such subsidies largely benefit the upper middle classes and elite and, if redirected, could cover the cost of the total poverty gap via redistributive social transfers in many MICs. Arze del Granado et al (2012) studied a sample of twenty developing countries during the 2005–2009 period, including several of the new MICs such as Indonesia, Sri Lanka, India and Ghana. They found that, on average, the richest 20 per cent of households gain six times more from such subsidies than do the poorest 20 per cent of households.

The former capture, on average, 43 per cent of the total subsidy value and the latter just 7 per cent. It is worth noting that the distributional impact of the subsidies does vary by product. For example, gasoline is the most regressive and kerosene the least. Subsidies to natural gas and electricity are highly regressive. What if these subsidies were reallocated to redistributive social transfers, with compensation for the poorest for the impact of the subsidy loss to them? The administrative costs of new or expanded social transfer programmes would, potentially, be covered by the administrative costs formerly associated with the fuel subsidy programme.⁸ Indonesia in 2015 did exactly this: a long-enduring fuel subsidy that had grown to a post-tax subsidy that Clements et al (2013) estimated at 5.4 per cent of GDP was drastically reduced and social programmes in health, education and cash payments expanded, as well as commitments made to infrastructure programmes.

One can argue that poverty in developing countries has become somewhat disconnected from the processes of accumulation and economic development that are visible in many MICs. Harriss (2007) provides one of the most thought-provoking expressions of this; in that explanations of individual deprivation ignore the study of social relations and inequalities in income, expenditure, wealth and ultimately power and governance structures that determine the welfare regime of a country. It is not that this view is not visible, but that it has been side-lined by a dominant narrative on the causes of global poverty that emphasizes a lack of public and private resources in developing countries.

In terms of future development research, one should ask: is poverty the characteristic of an individual or a society? In short, studying the 'poor' is not the same as studying poverty. This distinction is important as the difference between individual (or household) analysis and social structure is a central contention in theories of poverty. An individual might be able to increase their education, get a job and possibly move out of poverty, as some theories emphasize. However, individuals cannot change the unemployment rate or education opportunities across a society, nor the 'welfare regime' or the 'growth regime' (the macroeconomic policy orientation), which are a product of, among other things, the forms of late capitalism pursued in a country.

Conclusions

In conclusion, much of global poverty is concentrated in a small set of populous countries that have transitioned from low to middle income per capita. Economic growth since the Cold War has expanded national resources in developing countries, and it can be argued that consequentially global poverty has become less about lack of resources and more about questions of national inequality, issues of social policy, patterns of economic growth and economic development, and the form of late capitalism pursued. Certainly, at the end of the Cold War, few if any developing countries had domestic public resources to end national poverty. In contrast, the expansion of domestic public as well as private resources as a result of substantial economic growth has led to most of global poverty being concentrated in countries that already have, or may have in the foreseeable future, sufficient resources to end absolute poverty. The thesis of this article has been that this shift in global poverty implies that the dominant or orthodox theory of global poverty – that poverty is explicable at the societal level by insufficient resources – requires, at the least, questioning. It is argued that increasingly absolute poverty in the developing world will be explicable not by the lack of resources at societal level but by the distribution of these resources and thus issues of political economy and governance of growth and public finances. One can only speculate that this view has not dislodged the dominant narrative on the causes of global poverty as it would be highly disruptive to national social structures.

Notes

1. See for range of discussions see: Sumner, 2010, 2012; Alkire et al, 2011, 2015a, b; Clarke and Feeny, 2011; Glennie, 2011; Poke and Whitman, 2011; Alonso, 2012; Edward and Sumner, 2014; Haddad, 2012, 2014; Herbert, 2012; Kanbur and Sumner, 2012; Keeley, 2012; Lundsgaarde, 2012; Carbone, 2013; Sumner and Mallet, 2012; Vásquez and Sumner, 2013, 2015; Alonso et al, 2014; Ottersen et al, 2014; Madrueño-Aguilar, 2015; Koch, 2015.
2. Thanks to Isa Baud and Laura Camfield for comments on an earlier draft.
3. This is 'new bottom billion' is based taking a consumption poverty line of \$2 (in 2005 PPP) or \$2.50 (in 2011 PPP) or by taking multi-dimensional poverty (see Alkire et al, 2011, 2013, 2015a, b).
4. Estimates at \$1.90 in 2012 differ slightly from the World Bank estimates of 896.7 million (of Ferreira et al, 2015) and 902 million (of Cruz et al, 2015) because estimates here do not 'fill' missing data with regional averages (see Ferreira et al, 2015, p. 28) nor extrapolate as the World Bank does, but take the closest available year.
5. The UN LDC is based on a methodology that combines human assets (including nutrition, child mortality, school enrolment and adult literacy), economic vulnerability (measures of the instability of agricultural production, population displaced by natural disasters, instability in exports, and the share of agriculture in GDP and exports), proxies for economic 'smallness', 'remoteness' and GNI (Atlas) per capita. The main problem of the LDC category is that it is somewhat static. Guillaumont (2009), among others, has argued that the graduation criteria make it very difficult for countries to 'graduate', as the conditions for exit are difficult to meet.
6. It is the case that some LDCs are actually MICs, and this somewhat undermines the sense of the LDCs being the poorest countries across a set of dimensions. Some are, at least in income per capita terms, not among the poorest LDCs; they are small population or small-island MICs, developing states that ought to be considered separately because of the specific macroeconomic vulnerabilities of such economies.
7. Harriss-White identifies the following ways in which capitalism creates poverty: petty commodity production and trade, technological change and unemployment, (petty) commodification, harmful commodities and waste, pauperizing crises, climate-change related pauperization, and the unnecessary and/or incapacitated and/or dependent human body under capitalism.
8. There are caveats, not least that food prices may rise due to the removal of the subsidy because of transportation costs though the poorest could be compensated for these too.

References

- Alkire, S. and Foster, J. E. (2011) Counting and multidimensional poverty measurement. *Journal of Public Economics* 95(7): 476–87.
- Alkire, S., Roche, J., Santos, E. and Seth, S. (2011) *Multidimensional Poverty 2011*. Oxford: Oxford Poverty and Human Development Initiative (OPHI).
- Alkire, S., Roche, J., Seth, S. and Sumner, A. (2013) Where do the World's Multidimensionally Poor People Live?, OPHI Working Paper 61, OPHI: University of Oxford.
- Alkire, S., Roche, J., Seth, S. and Sumner, A. (2015a) Identifying the poorest people and groups: Strategies using the global multidimensional poverty index. *Journal of International Development* 27(2015): 362–387.
- Alkire, S., Roche, J. and Vas, A. (2015b) *Changes Over Time in Multi-Dimensional Poverty: Methodology and Results for 34 Countries*. Oxford: Oxford Poverty and Human Development Initiative (OPHI).
- Alonso, J. (2012) *From Aid to Global Development Policy*. New York: UNDESA. UNDESA Working Paper No. 121.
- Alonso, J., Cortez, A. and Klasen, S. (2014) *LDC and Other Country Groupings: How Useful are Current Approaches to Classify Countries in a More Heterogeneous Developing World?* New York: UNDESA. UNDESA Working Paper.
- Arze del Granado, F.J., Coady, D. and Gillingham, R. (2012) The unequal benefits of fuel subsidies: A review of evidence for developing countries. *World Development* 40: 2234–48.
- Bird, K. (2007) *The Intergenerational Transmission of Poverty: An Overview*. Chronic Poverty Research Centre (CPRC) Background Paper. London and Manchester: CPRC.
- Sumner
- Carbone, M. (2013) International development and the European Union's external policies: Changing contexts, problematic nexuses, contested partnerships. *Cambridge Review of International Affairs* 26(3): 483–496.
- Clarke, M. and Feeny, S. (2011) Old challenges and new opportunities for the MDGs: Now and beyond 2015. *Journal of the Asia Pacific Economy* 16(4): 509–519.
- Clements, B. et al. (2013) *Energy Subsidy Reform: Lessons and Implications*. Washington DC: IMF.
- Collier, P. (2007) *Bottom Billion*. Oxford: Oxford University Press.
- Cruz, M., Foster, J., Quillin, B. and Schellekens, P. (2015) *Ending Extreme Poverty and Sharing Prosperity: Progress and Policies*. World Bank Policy Research Note. Washington DC: World Bank.
- Dercon, S. and Shapiro, J. (2007) *Moving On, Staying Behind. Getting lost: Lessons on Poverty Mobility from Longitudinal Data*. Global Poverty Research Group (GPRG) Working Paper. Manchester/Oxford: GPRG.
- Edward, P. and Sumner, A. (2014) Estimating the scale and geography of global poverty now and in the future: How much difference do method and assumptions make? *World Development* 58: 67–82.
- Ferreira, F. et al. (2015) *A Global Count of the Extreme Poor in 2012: Data issues, methodology and initial results*. World Bank Working Paper. Washington DC: World Bank.
- Glennie, J. (2011) *The Role of Aid to Middle-Income Countries: A Contribution to Evolving EU Development Policy*. London: Overseas Development Institute.
- Gordon, D., Nandy, S., Pantazis, C, Pemberton, S. and Townsend, P. (2002) *The Nature and Extent of Child Poverty in Developing Countries*. Bristol University: Policy Press.
- Gough, I. and McGregor, J.A. (eds) (2007) *Wellbeing in Developing Countries*. Cambridge: Cambridge University Press.
- Guillaumont, P. (2009) *Caught in a Trap, Identifying the Least Developed Countries*. Paris: FERDI.
- Haddad, L. (2012) Five assumptions of dominant thinking in international development. *Development* 55(1): 34–44.
- Haddad, L. (2014) Equity: Not only for idealists. *Development Policy Review* 33(1): 5–13.
- Harriss, J. (2007) *Bringing Politics back into Poverty Analysis: Why Understanding Social Relations Matters More for Policy on Chronic Poverty than Measurement*. Chronic Poverty Research Centre (CPRC) Working Paper. Manchester: CPRC.
- Harriss-White, B. (2005) *Poverty and Capitalism*. Queen Elizabeth House (QEH) Working Paper 13. Oxford: QEH.
- Herbert, S. (2012) *Reassessing Aid to Middleincome Countries: The Implications of the European Commission's Policy of Differentiation for Developing Countries*. London: ODI. ODI Working Paper, <http://data.worldbank.org/data-catalog/world-development-indicators>.
- Hills, J. and Stewart, K. (2005) *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*, 1st ed. Bristol: Policy Press.
- Hulme, D. and Shepherd, A. (2003) Conceptualizing chronic poverty. *World Development* 31(3): 403–423.
- Kanbur, R. and Sumner, A. (2012) Poor countries or poor people? Development assistance and the new geography of global poverty. *Journal of International Development* 24(6): 686–695.
- Keeley, B. (2012) *OECD Insights From Aid to Development The Global Fight against Poverty*. Paris, France: OECD.

- Koch, S. (2015) From poverty reduction to mutual interests? The debate on differentiation in EU development policy. *Development Policy Review* 33(4): 479–502.
- Krishna, A. (2006) Pathways out of and into poverty in 36 villages of Andhra Pradesh, India. *World Development* 34(2): 271–288.
- Lahoti, R. and Reddy, S. (2015) \$1.90: What Does it Say? Paper downloaded 1 December at: <https://reddytoread.files.wordpress.com/2015/10/wbpovblogoct6final1.pdf>.
- López-Calva, Luis F. and Ortiz-Juarez, E. (2014) A vulnerability approach to the definition of the middle class. *The Journal of Economic Inequality* 12(1): 23–47.
- Lundsgaarde, E. (2012) *The Domestic Politics of Foreign Aid*. London: Routledge.
- Madrueno-Aguilar, R. (2015) Global income distribution and the middle-income strata: Implications for the world development taxonomy debate. *European Journal of Development Research*.
- Moser, C. (1998) The asset vulnerability framework: reassessing urban poverty reduction strategies. *World Development* 26(1): 1–19.
- Narayan, D. et al. (1999) *Voices of the Poor: Crying out for Change*. Washington DC: World Bank.
- Ottersen, T., Kamath, A., Moon, S. and Røttingen, J.A. (2014) *Development Assistance for Health: Quantitative Allocation Criteria and Contribution Norms*. London: Chatham House. Chatham House Working Paper.
- Poke, N. and Whitman, J. (2011) The millennium development goals and development after 2015. *Third World Quarterly* 32(1): 181–198.
- Ravallion, M. (2013) *The Idea of Antipoverty Policy*. National Bureau of Economic Research (NBER) Working Paper. Cambridge, MA: NBER.
- Ruggeri, C., Laderchi, R.S. and Stewart, F. (2003) Does it Matter that We Don't Agree on the Definition of Poverty? A Comparison of Four Approaches. Queen Elizabeth House (QEH) Working Paper. Oxford: QEH.
- Sen, A. (1983) Poor, relatively speaking. *Oxford Economic Papers, New Series* 35(2): 153–69.
- Stewart, F., Saith, R. and Harriss-White, B. (eds) (2007) *Defining Poverty in the Developing World*. Basingstoke: Palgrave MacMillan.
- Sumner, A. (2010) *Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?* Brighton, UK: IDS. Institute of Development Studies (IDS) Working Paper 349.
- Sumner, A. (2012) Where do the poor live? *World Development* 40(5): 865–877.
- Sumner, A. and Mallet, R. (2012) *The Future of Foreign Aid: Development Cooperation and the New Geography of Global Poverty*. Basingstoke: Palgrave MacMillan.
- Townsend, P. (1979) *Poverty in the United Kingdom*. London: Allen Lane and Penguin Books.
- Townsend, P. and Gordon, D. (eds) (2002) *World Poverty: New Policies to Defeat an Old Enemy*. Bristol: The Policy Press.
- Vásquez, S. and Sumner, A. (2013) Revisiting the meaning of development: A multidimensional taxonomy of developing countries. *Journal of Development Studies* 49(12): 1728–1745.
- Vásquez, S. and Sumner, A. (2015) Is the 'developing world' changing? A dynamic and multidimensional taxonomy of developing countries. *European Journal of Development Research*. in press.
- Wood, G. and Gough, I. (2006) A comparative welfare regime approach to global social policy. *World Development* 34(10): 1696–712.
- World Bank (2015a) Country and lending groups, <http://data.worldbank.org/about/country-and-lendinggroups>, accessed 1 December 2015.
- World Bank (2015b) PovcalNet, <http://iresearch.worldbank.org/PovcalNet/>, accessed 1 December 2015.

Figure 1

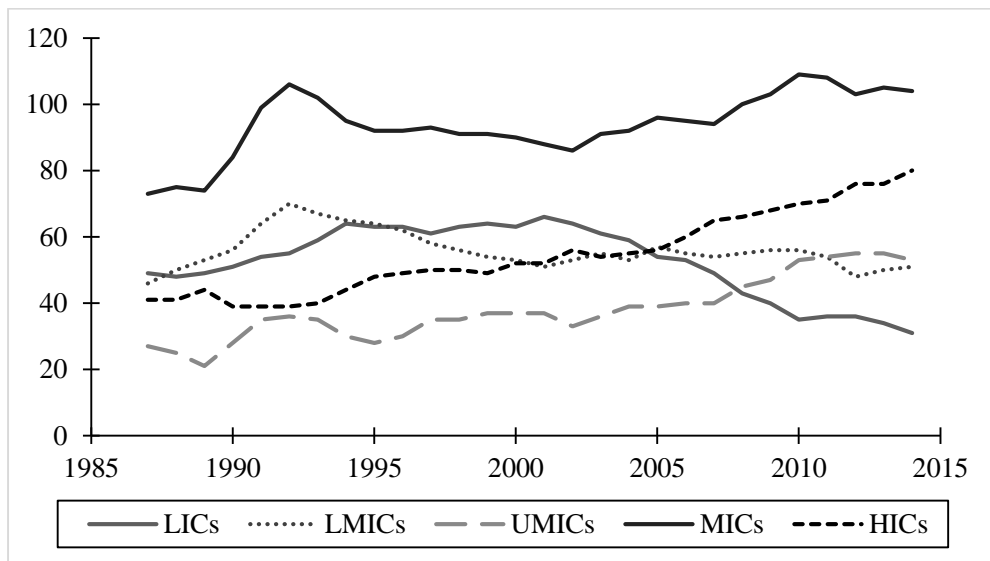


Figure 2

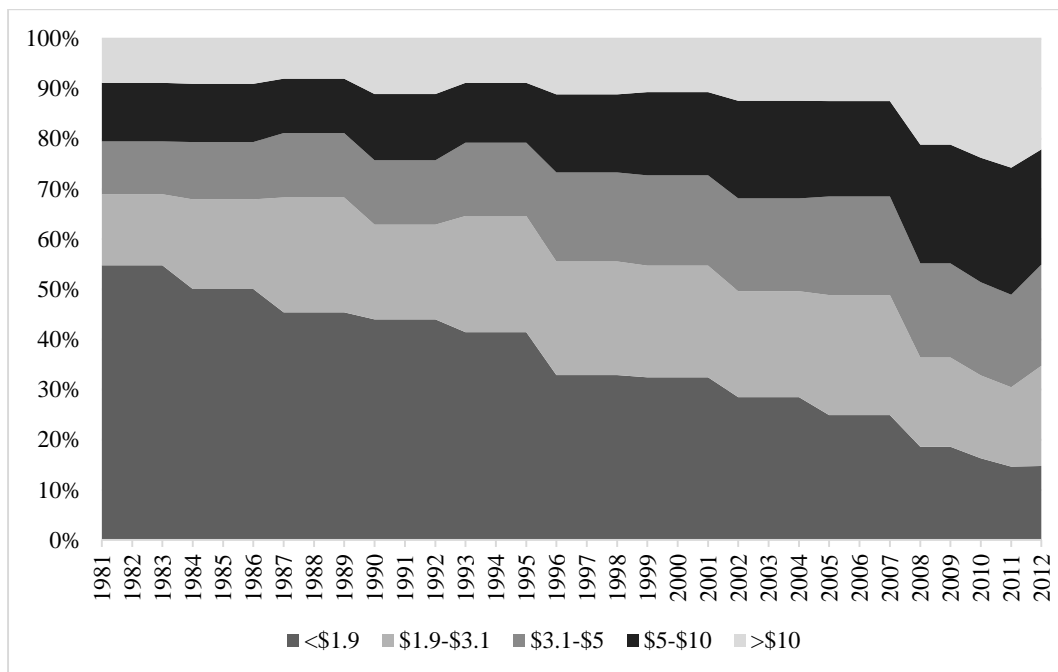
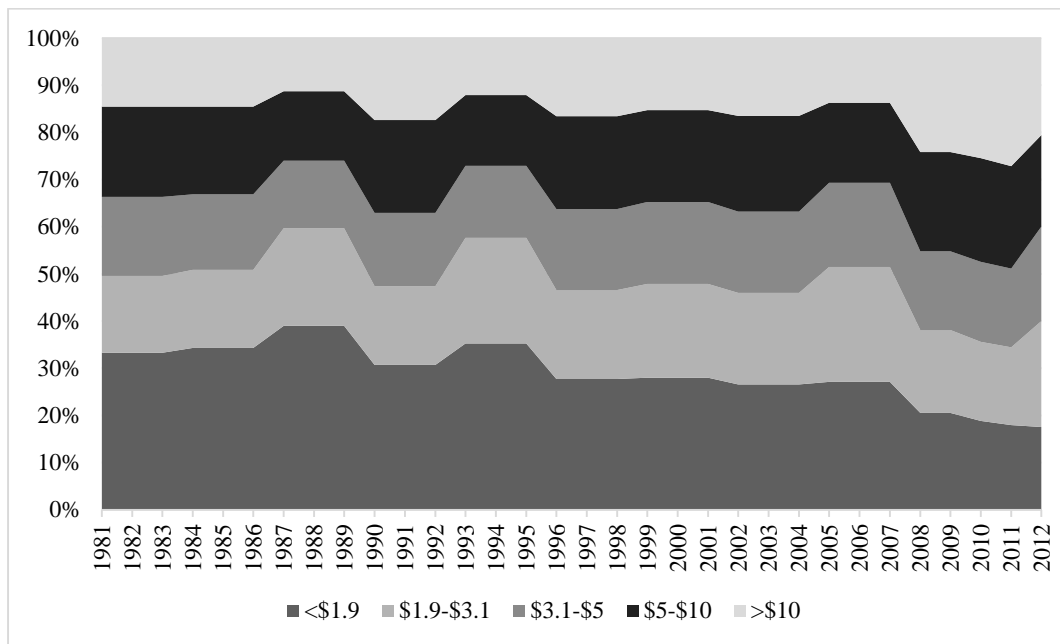


Figure 3



Source: Data processed from World Bank (2015b).

Figure 4

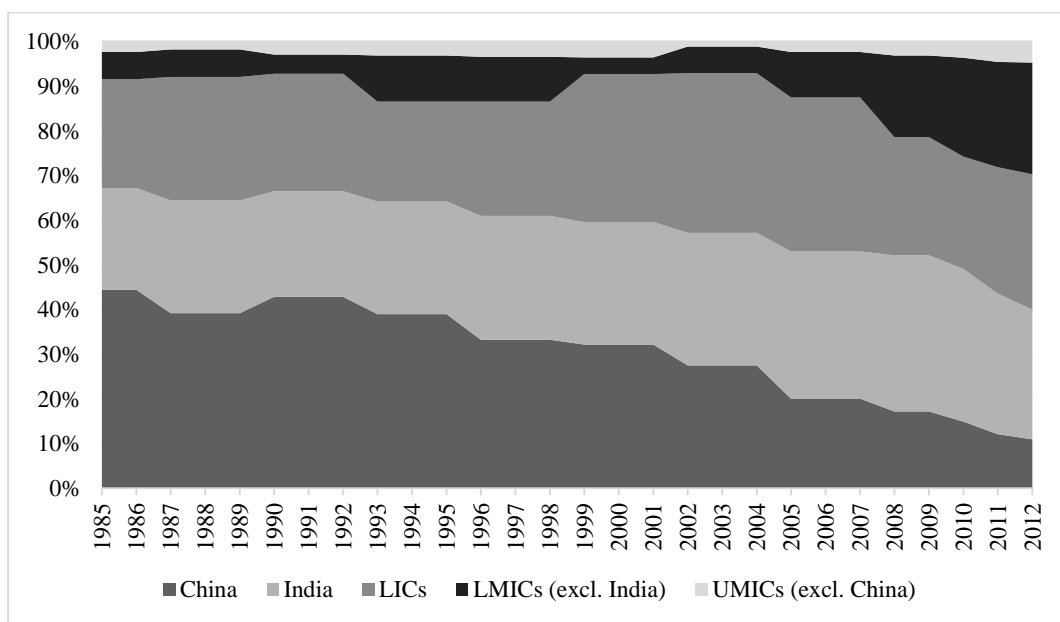


Figure 5

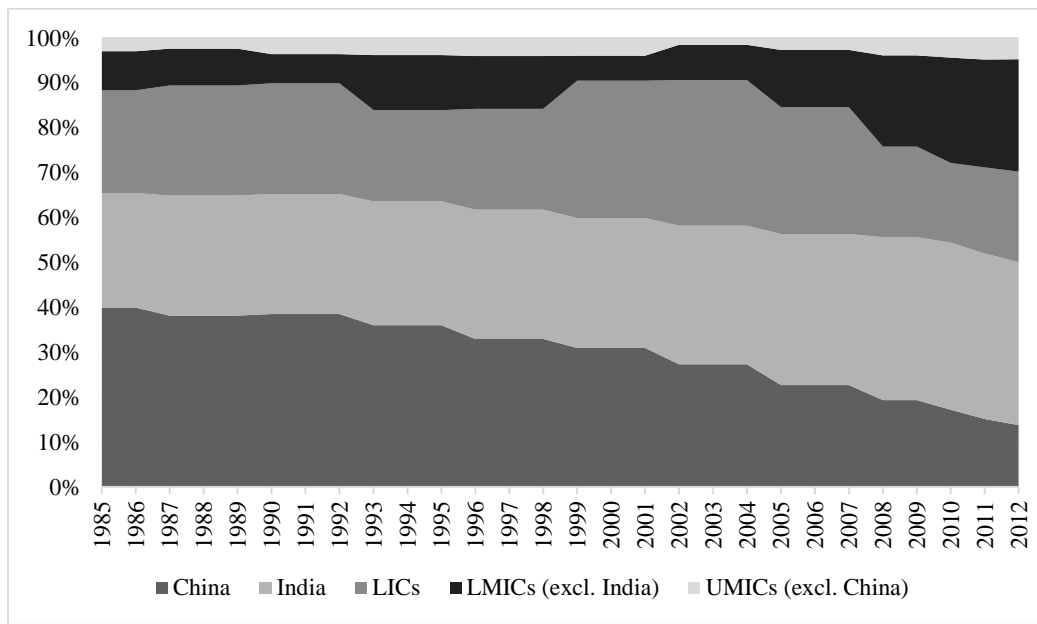


Figure 6

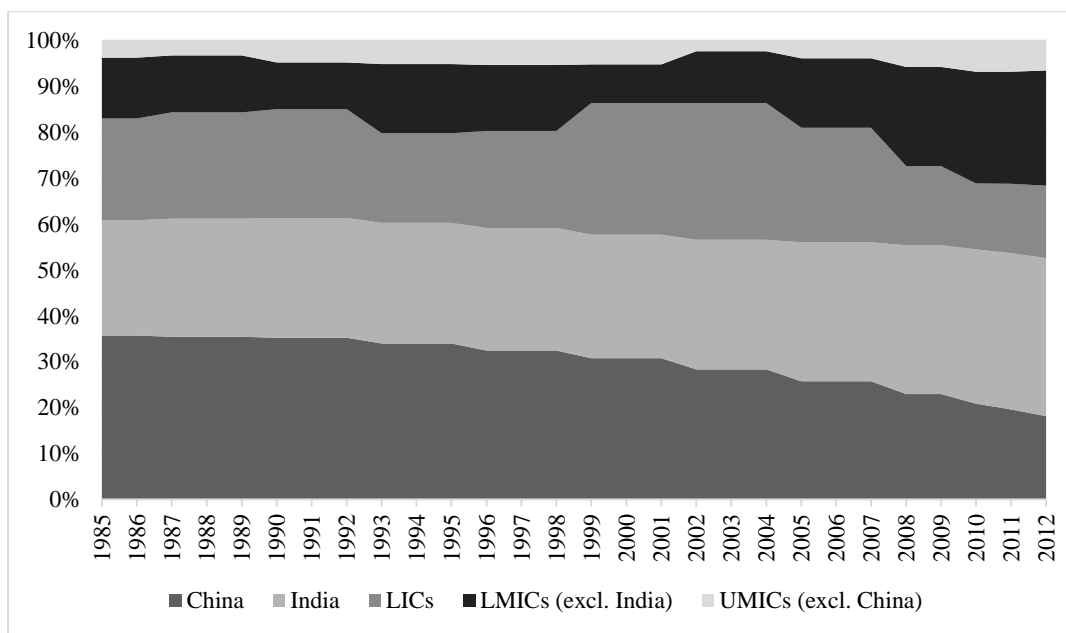


Figure 7

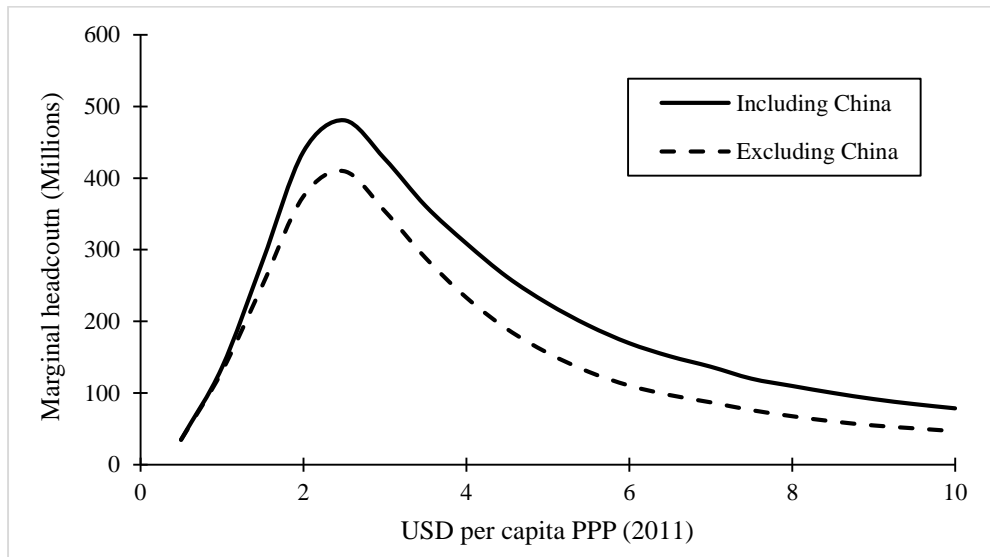


Figure 8

