

Evolution of Knowledge on Poverty and Inequality: the big questions

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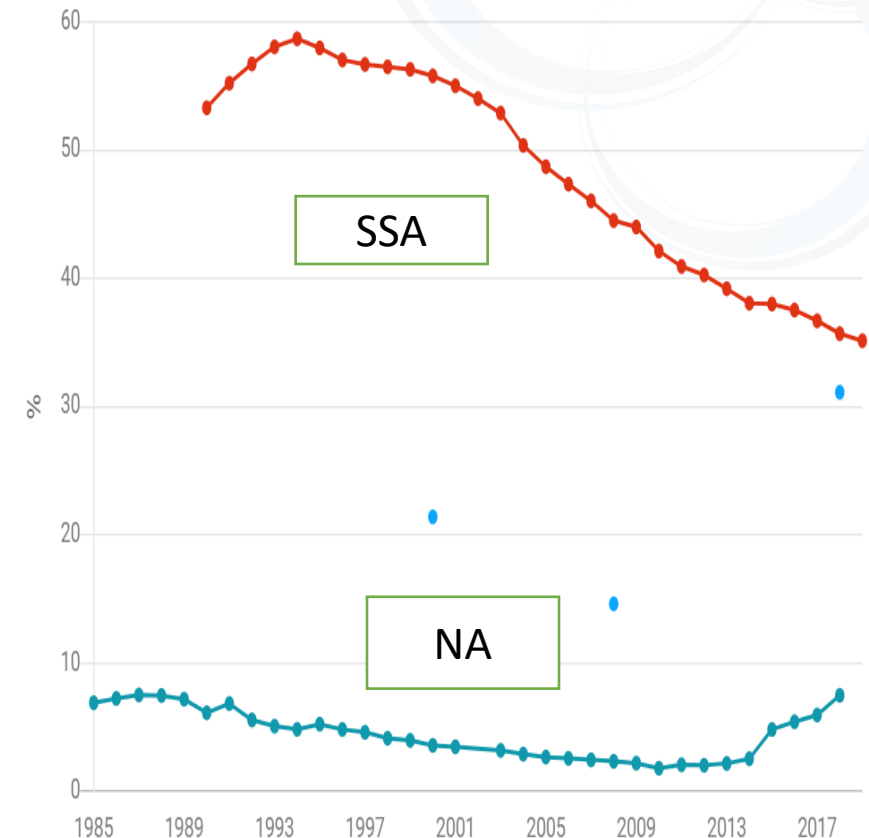
Abebe Shimeles
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What were the “big questions” in development research on poverty and inequality over the past 20 years? /1

Aggregation problems and WB's Contributions

- Defining poverty and inequality
 - Poverty comparisons: Relative or absolute poverty? subjective or objective definitions of poverty? (e.g Ravallion, 1996: Pradhan and Ravallion, 2001)
 - Inequalities of what? Opportunities (factors beyond the control of individuals) versus effort, etc., (e.g Ferreira and Michael, 2006)
- Measuring poverty and inequality
 - Setting the poverty lines: relative vs absolute poverty lines (national vs global poverty lines?)
 - Unidimensional vs multidimensional measures of poverty
 - Units of measurement of poverty and inequality (consumption, income, assets?)
 - Tackling noises in poverty and inequality measurements

Extreme poverty in Africa: 2 dollars a day in PPP per adult



What were the “big questions” in development research on poverty and inequality over the past 20 years? /2

- Growth-Poverty-Inequality nexus: the puzzles and the grey areas.
 - Pro-poor growth strategy ?
 - Pro-growth strategy ? (Growth with redistribution?)
 - Inclusive growth?
 - Efficiency of growth in reducing poverty (growth is good for the poor and the nuances-Dollar and Kraay (2003; 2016); Ravallion (2012), and others.

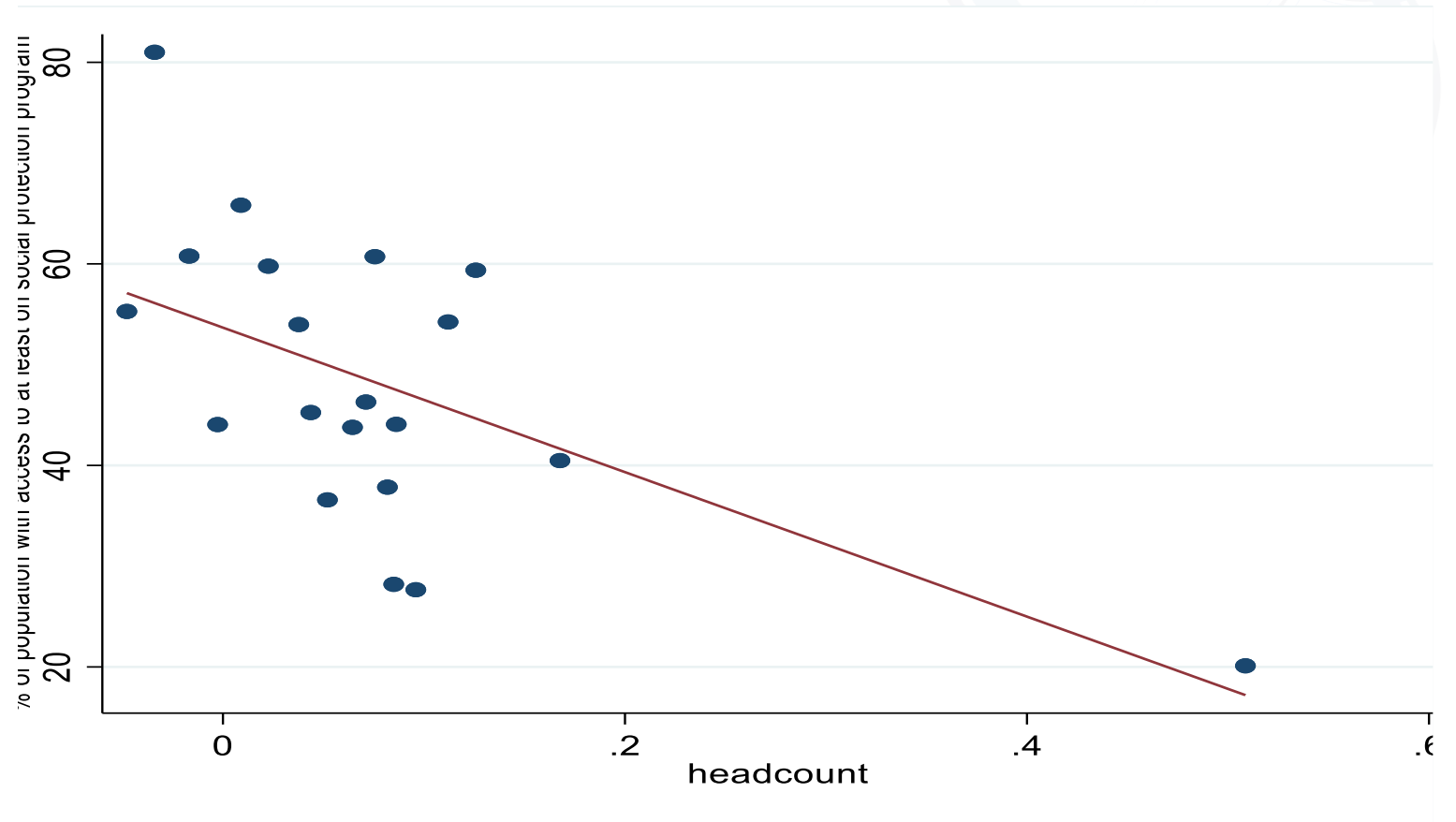
What are the “big questions” in development research on poverty and inequality in the next 20 years?

The next 20 years, the frontier to combat poverty and inequality remains mainly in SSA and perhaps SSA.

- Getting the most out of existing poverty and inequality measures and sharpening them. For example, measuring poverty reduction potential (combining H and PG); or acknowledging critical thresholds: setting intolerable or detrimental inequality threshold, etc. , differentiating degree of suffering experienced associated with different definitions of poverty.
- Shocks-poverty-inequality nexus ?
 - Do positive and negative shocks have symmetrical impact on poverty and inequality?
 - Could shocks be endogenous to poverty and inequality conditions (Miguel et al, 2004) ?
 - Could multiple, recurring and overlapping shocks create different convergence clubs (particularly in SSA?)
- Labor markets-poverty-inequality nexus? E.g. appropriation of productivity gains; reliable data on wages underpinning skill and educational differences.
- Institutions-poverty-inequality nexus?
 - Political economy factors including ease of social mobility.
 - Buffering and risk-sharing mechanisms : social protection

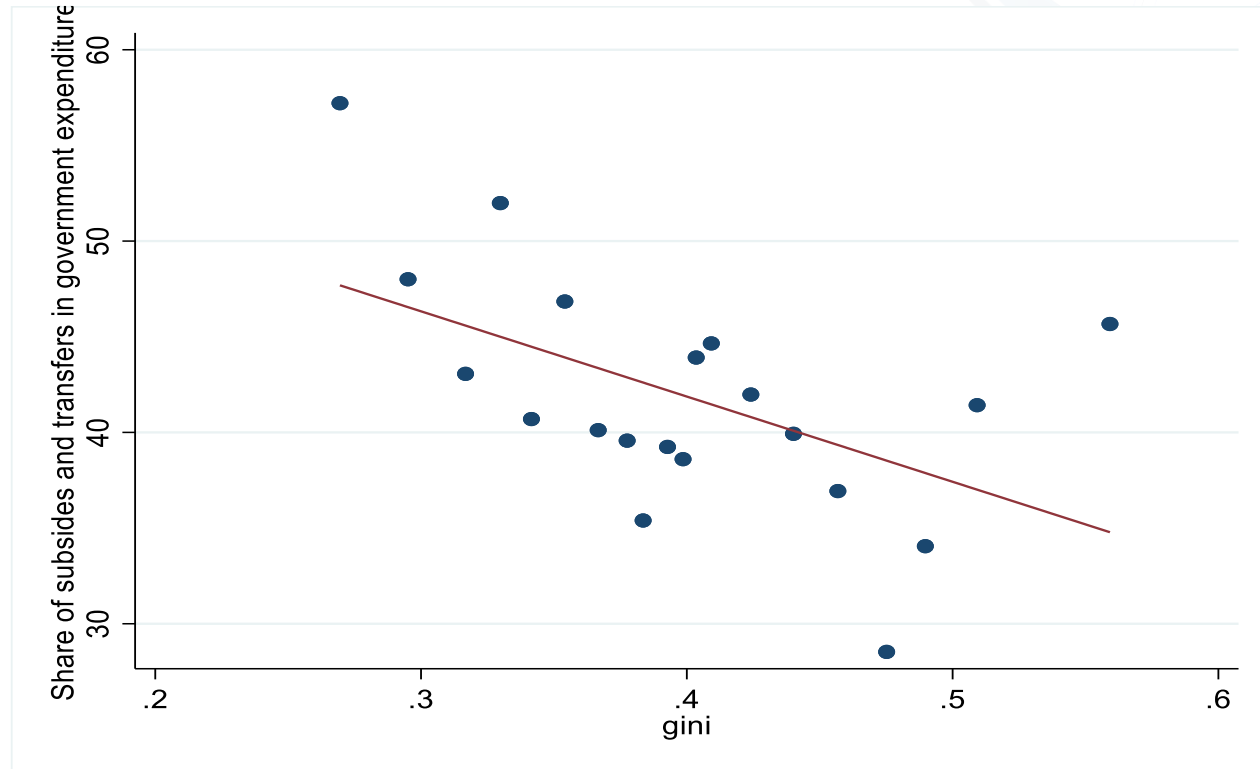
Which social protection scheme is robust in fighting poverty and inequality in developing countries?

- Any form of social protection program is associated with low poverty, but not correlated with inequality



Which social protection scheme is robust in fighting poverty and inequality in developing countries?

- Unemployment benefits, subsidies and transfers tend to be associated low inequality



Thank you !

