The Future of Global Poverty

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Roadmap

- International income comparisons
  - Welfare and GDP per capita
  - From income to poverty: Problems and solutions
- The past and present of worldwide poverty
- Looking ahead: Will Sustainable Development Goal 1 be fulfilled?
- Where do we go from here?
Measuring “wealth” of a country through GDP per capita

- Easy to calculate and communicate (monetary value of all the finished goods and services produced within a country’s borders in a specific time period, by person)
- Data available for practically all countries of the world
- GDP per capita correlates with “good stuff”: life expectancy, child mortality, educational outcomes, democracy, ...

The drawbacks of GDP per capita:

- Unpaid work, shadow economy
- Distribution of income
- Accounting for exchange rates
- Accounting for price level differences: Purchasing power parity (PPP) adjusted international dollars (Penn World Table)
INTERNATIONAL INCOME COMPARISONS

- Night light emissions as proxy for income (Henderson et al., 2012)
GDP per capita worldwide

Distribution of GDP per capita across countries, 1970 and 2014
(source: Penn World Table 9.0)
THE DYNAMICS OF INEQUALITY

- Gini index in selected countries (source: https://ourworldindata.org/income-inequality)
The dynamics of absolute poverty

- Reconstructing the world distribution of income: anchor income distributions at (PPP-adjusted) GDP per capita and estimate the full distribution of income of a country making use of inequality information
- Aggregating the country-specific distributions of income, we can obtain the world distribution of income (Sala-i-Martin, 2006)
- The dynamics of the full distribution of income can be found here
The dynamics of the world income distribution (source: https://ourworldindata.org/extreme-poverty)
THE DYNAMICS OF EXTREME POVERTY

▶ Global absolute poverty rate (source: https://ourworldindata.org/extreme-poverty)

The interactive data visualisation is available at OurWorldinData.org. There you find the raw data and more visualisations on this topic. Licensed under CC-BY-SA by the author Max Roser.
Combating poverty

- Reducing poverty:
  - increasing mean income for a given level of inequality
  - reducing inequality for a given level of income
- Economic growth (of mean incomes) is good for the poor:
The future(s) of extreme poverty

- Shift distribution of income per capita for all countries of the world making use of GDP per capita projections to obtain poverty nowcasts and projections (Crespo Cuaresma, 2017; Crespo Cuaresma et al., 2018), documented at the World Poverty Clock.
In September 2015, 193 world leaders adopted the Sustainable Development Goals (SDGs), with the first of the 17 goals being to “end poverty in all its forms everywhere”

The world in 2017:
THE FUTURE(S) OF EXTREME POVERTY

▶ In September 2015, 193 world leaders adopted the Sustainable Development Goals (SDGs), with the first of the 17 goals being to “end poverty in all its forms everywhere”
▶ The projected world in 2030:
Where do we go from here?

- Pool of SSP-based projections on population, GDP, income inequality, poverty
- Projecting institutional change and governance