



TURN ME ON

SUBSCRIBE AND GET
4 FREE trial issues

GIVE A GIFT

STUDENT OFFERS



The Economist

fFajLsHnK... | [Subscribe](#)

[Digital & mobile](#)

[Events](#)

[Topics A-Z](#)

[Newsletters](#)

[Jobs](#)

[RSS](#) [Facebook](#) [Twitter](#)

[World politics](#) | [Business & finance](#) | [Economics](#) | [Science & technology](#) | [Culture](#) | [Blogs](#) | [Debate](#) | [The World in 2013](#) | [Multimedia](#) | [Print edition](#)

This site uses cookies. By continuing to browse the site you are agreeing to our use of cookies. Review our cookies information for more details

Free exchange

The geography of poverty

Working out how to help the world's poorest depends on where they live

Sep 1st 2012 | from the print edition

Like Tweet 435

Comment (57)

Print

E-mail

Reprints & permissions

Advertisement



Jac Depczyk

Recent Activity

Create an account or [log in](#) to see what your friends are doing.

Feedback

WHERE do the world's poor live? The obvious answer: in poor countries. But in a recent series of articles Andy Sumner of Britain's Institute of Development Studies showed that the obvious answer is wrong*. Four-fifths of those surviving on less than \$2 a day, he found, live in middle-income countries with a gross national income per head of between \$1,000 and \$12,500, not poor ones. His finding reflects the fact that a long but inequitable period of economic growth has lifted many developing countries into middle-income status but left a minority of their populations mired in poverty. Since the countries involved include giants like China and India, even a minority amounts to a very large number of people. That matters because middle-income countries can afford to help their own poor. If most of the poverty problem lies within their borders, then foreign aid is less relevant to poverty reduction. A better way to help would be to make middle-income countries' domestic policies more "pro-poor".

Now Mr Sumner's argument faces a challenge. According to Homi Kharas of the Brookings Institution and Andrew Rogerson of Britain's Overseas Development Institute, "by 2025 most absolute poverty will once again be concentrated in low-income countries." They argue that as middle-income countries continue to make progress against poverty, its incidence there will fall. However, the number of poor people is growing in "fragile" states, which the authors define as countries which cannot meet their populations' expectations or manage these through the political process (sounds like some European nations, too). The pattern that Mr Sumner describes, they say, is a passing phase.

Messrs Kharas and Rogerson calculate that the number of poor in "non-fragile" states has fallen from almost 2 billion in 1990 to around 500m now; they think it will go on declining to around 200m by 2025. But the number of poor in fragile states is not falling—a testament both to the growing number of poor, unstable places and to their fast population growth. This total has stayed flat at about 500m since 1990 and, the authors think, will barely shift until 2025. As early as next year, the number of poor in what are sometimes called FRACAS (fragile and conflict-affected states) could be greater than the number in stable ones. That would imply something different to Mr Sumner's view: instead of being irrelevant to poverty reduction, foreign aid will continue to be vital, since fragile states (unlike middle-income ones) cannot afford to help the poor but instead need help themselves.

Can these two accounts be squared? It is worth noting that there is a group of countries that are both middle-income and fragile. This group, sometimes called MIFFS (middle-income fragile or failed states), includes Iraq, Nigeria, Pakistan and Yemen—all large, populous places. In 2011 Geoffrey Gertz and Laurence Chandy, also of Brookings, calculated that almost a fifth of people living on less than \$1.25 a day are citizens of MIFFS. So there are almost 200m poor people in middle-income and fragile states, who appear in the accounts of both Mr Sumner and Messrs Kharas and Rogerson. Because of this overlap, it is possible to argue both have a point and are just using different labels.

There is another explanation for the differences between them: Mr Sumner is describing the present-day situation and Messrs Kharas and Rogerson are forecasting what might happen in 2025. The trouble is that Mr Sumner has also produced forecasts, in his case for 2020 and 2030, and they are strikingly different. He agrees with Messrs Kharas and Rogerson that, as middle-income



The biggest microlender of them all

408 people recommended this.



Fat years

357 people recommended this.



Birth right

7,779 people recommended this.



Speed is not everything

504 people recommended this.



Facebook social plugin

Most popular

Recommended
Commented



1
**Cardboard
bicycles**
Re-cycling

- 1 Cardboard bicycles Re-cycling
- 2 The fiscal cliff deal: America's European moment
- 3 Political reform: Defining boundaries
- 4 Obesity and health: Fat years
- 5 Britain and Paraguay: Puppeteers or bystanders?

Advertisement

In this section

Hony ahoy
Summertime blues
Democracies and debt
The anti-Bob
Into another country
Virtual spring
Paint threshold

» The geography of poverty

Corrections: Mexico's stockmarket and inflation in India

Reprints

Related topics

Economic development
Business
Economics
Poverty

countries take more people out of poverty, the proportion of poor people who live in poor countries must rise. But this increase is much less on his calculations than on theirs. Mr Sumner estimates that by 2020 the share of the world's poor in today's poor countries will increase only from 20% to 40%; even by 2030, there would still be roughly equal shares of the poor in today's poor and middle-income countries. Given that some of today's poor countries will be middle-income ones by 2030, he reckons it is possible that only a third of all the world's poor will be in countries called low-income then. In contrast, Messrs Kharas and Rogerson think the majority of the poor will be in fragile states in 2025.

The gap between the forecasts also reflects differences in assumptions. Some of these differences invite caution. The calculations by Messrs Kharas and Rogerson, using IMF data, seem to imply there will be hardly any poor people left in India and Indonesia in a few years, which seems unlikely. Using different assumptions, Mr Sumner forecasts that by 2030 the number of people in poverty could fall by anywhere between 600m and 1.6 billion, an enormous margin of error. "Any estimate of 2030 poverty, including ours, depends hugely on growth estimates for a few big countries...so I'd take all of them with oceans of salt," warns one of Mr Sumner's co-authors, Charles Kenny.

Income or politics?

That said, the two accounts do reflect different and important ways of thinking about poverty. One, Mr Sumner's, focuses on income and says the big dividing line lies between poor and middle-income countries. The other, associated with Messrs Kharas and Rogerson, focuses more on politics; its dividing line is between fragile and stable countries. If Messrs Kharas and Rogerson are right, aid donors need to concentrate on governance and try to move countries from the fragile to the stable category—a daunting task. If Mr Sumner is right, the role of donors should probably be to work with local governments in middle-income countries to ensure benefits from public spending are equitably distributed to the poorest, wherever they may live.

Sources

"[Where will the world's poor live? Global poverty projections for 2020 and 2030](#)". Institute of Development Studies

"[Where do the world's poor live? A new update](#)". By Andrew Sumner. Institute of Development Studies

"[Horizon 2025](#)". By Homi Kharas and Andrew Rogerson. Overseas Development Institute

[Economist.com/blogs/freexchange](http://www.economist.com/blogs/freexchange)

<http://www.economist.com/node/21561878>[1/7/2013 10:25:24 AM]



SPAIN SUMMIT

BEYOND AUSTERITY:
GETTING BACK TO **GROWTH**

FEBRUARY 12TH 2013, MADRID

[LEARN MORE >>](#)

Latest blog posts - All times are GMT



India's economy: Charming the market

Schumpeter - 1 hour 1 min ago



Daily chart: Undue credit

Graphic detail - 1 hour 7 mins ago



London heritage: Blue plaques existed here, 1866-2013

Prospero - 1 hour 32 mins ago



Syria's crisis: Brazen Bashar

Pomegranate - Jan 7th, 04:12



Business cycles: Running out of time

Free exchange - Jan 7th, 03:05

JAS's cartoon: The week ahead

Newsbook - Jan 7th, 01:34

from the print edition | Finance and economics



 View all comments (57)

Related items

TOPIC: Economic development »

Bond markets: Blessed are the governments

Sources & acknowledgements

Daily chart: Degrees of mobility

TOPIC: Business »

Recommended economics writing: Link exchange

Focus: Australia's economy

Learning from abroad: Don't forget Poland

TOPIC: Economics »

That fiscal cliff: Let optimism reign

EU summit and the euro crisis: Step by step, with a ripped map

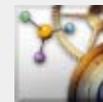
America's demographic squeeze: Double bind

TOPIC: Poverty »

Poverty measures: Counting it up

Measuring poverty: The end of the line

Development in India: A tale of two villages



Venture capital: Pennies from heaven

Babbage - Jan 6th, 20:01

More from our blogs »

Products & events

Stay informed today and every day



Get e-mail newsletters

Subscribe to *The Economist's* free e-mail newsletters and alerts.



Follow ***The Economist*** on Twitter

Subscribe to *The Economist's* latest article postings on Twitter



Follow ***The Economist*** on Facebook

See a selection of *The Economist's* articles, events, topical videos and debates on Facebook.

Advertisement



Classified ads



University of Sussex
37 New Faculty
Positions

Jobs.economist.com



STAFFORDSHIRE
UNIVERSITY

ONLINE DISTANCE LEARNING



FitchTraining



World Class
Financial Training



LSE



wbs

International
Business
Professors

Jobs.economist.com



wbs

Organisational
Analysis &
Organisat...

Jobs.economist.com

[About The Economist](#) | [Media directory](#) | [Advertising info](#) | [Staff books](#) | [Career opportunities](#) | [Subscribe](#) | [Contact us](#) | [Site index](#)

[\[+\] Site Feedback](#)

Copyright © The Economist Newspaper Limited 2013. All rights reserved. | [Accessibility](#) | [Privacy policy](#) | [Cookies info](#) | [Terms of use](#)

[Help](#)