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IMMISERIZING GROWTH

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ABSTRACT

Immiserizing Growth (IMG) occurs when economic growth leads to no, or very limited, economic gains for those at the bottom of the distribution. The idea is not new, but it has received increasing attention in recent years in some contexts, such as the U.S., where the benefits of growth have been highly concentrated at the very top. In addition, it is not an insignificant empirical phenomenon, occurring in between 15 and 35 percent of cases in different datasets. Despite this, there has never been a systematic study of this phenomenon integrating diverse explanatory frameworks and the empirical literature on poverty. The present research agenda aims to fill this void drawing on both the cross-country evidence and detailed country studies to arrive at conclusions across types and drivers of Immiserizing Growth.

KEYWORDS

Growth; immiseration; distribution; inclusion;



About the GPID research network:

The ESRC Global Poverty and Inequality Dynamics (GPID) research network is an international network of academics, civil society organisations, and policymakers. It was launched in 2017 and is funded by the ESRC's Global Challenges Research Fund.

The objective of the ESRC GPID Research Network is to build a new research programme that focuses on the relationship between structural change and inclusive growth.

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THE DEVELOPER'S DILEMMA

The ESRC Global Poverty and Inequality Dynamics (GPID) research network is concerned with what we have called 'the developer's dilemma'.

This dilemma is a trade-off between two objectives that developing countries are pursuing. Specifically:

- Economic development via structural transformation and productivity growth based on the intra- and inter-sectoral reallocation of economic activity.
- 2. Inclusive growth which is typically defined as broad-based economic growth benefiting the poorer in society in particular.

Structural transformation, the former has been thought to push up inequality. Whereas the latter, inclusive growth implies a need for steady or even falling inequality to spread the benefits of growth widely. The 'developer's dilemma' is thus a distribution tension at the heart of economic development.

1. INTRODUCTION

Immiserizing Growth (IMG) occurs when economic growth leads to no, or very limited, economic gains for those at the bottom of the distribution. At its most extreme, it refers to situations where the welfare of large segments of the population declines in absolute terms as reflected, for example, in increasing poverty levels. The idea is not new ((Malthus, 2004 [1798], Ch. XVI, Marx, 1906 [1867]), but it has received increasing attention in recent years in the context of the post-2007 recovery in the United States where, apparently, upwards of 95% of income gains between 2009 and 2012 were captured by the top one per cent of the population (Saez, 2013).

As discussed below, there is a sizeable cross-country literature which has examined the relationship between growth and poverty and/or between overall growth and growth at the bottom of the income/consumption distribution relying on cross-country data sets. A core finding, which has proved robust to alternative specifications and to different datasets, is that, on average, growth does reduce poverty, whether defined in terms of reduction in population percentages below an absolute threshold (e.g. PPP\$1/day) or income/consumption growth of the bottom quintiles of the distribution. There are two other findings in this literature, however, which are equally important. First, there is heterogeneity in the growth/poverty relationship as captured in different values of Growth Elasticities of Poverty (GEP) and, at times, low R-Squared values in poverty/growth regressions. Second, and most importantly for the present purposes, there are outliers in the relationship, in particular, apparent cases of growth without poverty reduction.

The core objective of this research agenda is to probe these outliers in greater detail to better understand the reasons for IMG. The approach will be a comparative case study analysis based on detailed country studies in the tradition of Rodrik (2003), Sandbrook (2014) and others. Methodologically, a range of techniques will be employed including: i) examination of cross-country datasets (in particular, PovcalNet) to select cases and identify correlates of IMG; ii) construction of a structured typology for selection of IMG country cases (whose analysis will address historical, institutional, political and economic issues); iii) econometric analysis of micro-datasets from a limited number of IMG cases. A preliminary step to the research agenda will be a 'kick-off' conference to review the empirical evidence and identify historical and/or

recent cases along with apparent drivers of IMG (with Ravi Kanbur and Richard Sandbrook as co-organisers).

The project makes a number of contributions to the literature. First, in the context of the renewed interest on inequality, the cases in question represent particularly perverse distributional outcomes, where the welfare of those at the bottom stagnates or even declines in absolute terms. Second, there is scope for collaboration across disciplines and theoretical perspectives as the concept and empirics of IMG have been the subject of inquiry from quite diverse points of view (see below). In particular, the project aims to forge closer linkages between economists and political scientists/economists working on related issues. Third, the project fills an important gap in the literature. There has never been a comprehensive analysis of IMG based on comparative country case studies, and only a very few studies have partially addressed the issue in this way (e.g. Donaldson, 2008, Arndt et al., 2016).¹ As such, it responds to the challenge for 'more micro, country-specific research on the factors determining why some poor people are able to take up the opportunities afforded by an expanding economy... while others are not' (Ravallion, 2001, p. 1813).

2. Historical Antecedents

As noted above, the idea of Immiserizing Growth is not new. A logical historical starting point for inquiry is the classical tradition of political economy when, following the Industrial Revolution, the possibility of rapid national growth in income or wealth became real. Within this tradition, the notion of IMG appears in both Malthus, and more famously, Marx. Attention was also redirected to this issue in debates which took place in the1970s.

2.1 Malthus

Malthus devoted at least one chapter to the theme of Immiserizing Growth in all five editions of his *Essay on the Principle of Population*. The argument for the possibility of IMG was made most forcefully in the first edition (Malthus, 2004 [1798], Ch. XVI) and remained, though in somewhat attenuated form, in subsequent editions (Gilbert, 1980). Malthus phrased his discussion as a riposte to Adam Smith's *The Wealth of Nations*, which allegedly conflated

¹ The pro-poor or inclusive growth literature touches on the issue but the focus has been on more successful examples (Besley and Cord, 2007, Grimm et al. 2007; UNDP, 2007).

analysis of overall increases in national wealth or income and improvements in living standards of the 'lower classes':

But perhaps Dr. Adam Smith has considered these two inquires as still more nearly connected that they really are: at least he has not stopped to take notice of those instances where the wealth of a society may increase (according to his definition of wealth) without having any tendency to increase the comforts of the labouring part of it.' (Malthus, 2004 [1798], Ch. XVI: 99).

The core of Malthus' position is that economic growth based on manufacturing, and not agriculture, is unlikely to increase the real purchasing power of the masses, or in his words, their 'command over the necessaries and conveniences of life' (Ibid: 100). There are a number of components of the argument.

First, Malthus argued that unlike food, the products of industry do not figure prominently in the consumption bundle of the vast majority of the population: "the fine silks and cottons, the laces and other ornamental luxuries of a rich country ... contribute but in a very small degree to augment the mass of happiness in a society" (Ibid: 106). Second, in the absence of increases in agricultural production, real wages remain stagnant as nominal wage increases in manufacturing are offset by rising food prices. In addition to this monetary effect, Malthus argued that manufacturing-based growth was detrimental to health and happiness, given abject working and living conditions of the urban-based labouring poor. It also increased vulnerability among workers 'arising from the capricious taste of man, the accidents of war and other causes' (Ibid: 101).

The net effect of such processes is Immiserizing Growth, which Malthus felt characterised the experience of England in his lifetime. He maintained that despite increasing wealth due to manufacturing and trade, agriculture had stagnated, living standards of the vast majority had not improved and poverty worsened:

The great increase of the poor rates is indeed, of itself, a strong evidence that the poor have not a greater command of the necessaries and conveniences of life and if to the consideration that their condition in this respect is rather worse than better, be added the circumstance that a much greater proportion of them is employed in large manufactories, unfavourable both to health and virtue, it must be acknowledged that the increase of wealth of late years, has had no tendency to increase the happiness of the labouring poor (Ibid: 104).

2.2 Marx

There is little debate about the importance of the idea of immiseration in the writings of Marx, though controversy about whether he held an absolute or relative conception of the term. The absolute/relative controversy, which dates from the beginning of the twentieth century², stems from the fact that the vast body of Marx's work leads itself to conflicting interpretation. While Marx's views on real wage trends of the active labour force remain the subject of controversy, Marx's analysis of the plight of 'relative surplus population', or the industrial reserve army (IRA), are much more strongly suggestive of an absolute conception of immiseration. The following discussion omits Marx's views on crisis-induced immiseration and focuses on immiseration in times of growth or capital accumulation.

The main argument for absolute immiseration in Marx concerns the progressive growth of an industrial reserve army under capitalism. This relative surplus population, comprising those 'only partially employed or wholly unemployed', includes: 'floating' labour in modern manufacturing, 'stagnant' labour displaced from traditional agriculture, and paupers. Marx believed that the rate of growth of the industrial reserve would exceed that of the active labour force because of changes in the organic composition of capital, itself due to the increasing substitution of capital for labour in production resulting from mechanisation.³ In Ch. XXV, Volume 1 of *Capital*, Marx characterised this process as the 'general law of capitalist accumulation:'

... the greater the social wealth, the functioning of capital, the extent and energy of its growth, and, therefore, the absolute mass of the proletariat, and the productiveness of its labour, the greater is the industrial reserve-army ... but the greater this reserve-army in proportion to the active labour-army, the greater is the mass of a consolidated surplus population, whose misery is in inverse ratio to its torment of labour. The more extensive, finally, the lazurus-layers of the working class, and the industrial reserve army, the greater is official pauperism. This is the absolute general law of capitalist accumulation [original emphasis] ... It establishes an accumulation of misery, corresponding with accumulation of capital (Marx, 1906 [1867]: 707, 709).

 $^{^{2}}$ Baronian (2013) identifies a number of early protagonists in these debates including Rosa Luxemurg (1899) and the Eduard Bernstein (1909).

³ Additional arguments provided by Marx to explain the growth in the industrial reserve army involved the increasing centralisation of production, net population changes and changes in the labour population ratio, as more women and children are brought into production (Gottheil, 1966).

Some argue that the process of mechanisation, and attendant growth of the relative surplus population, lead inexorably to a secular decline in real wages of the active labour force culminating in absolute immiseration (Gottheil, 1966).⁴ There are some passages in Marx which are consistent with this interpretation, in particular those in his 1865 speech, published as *Wages, Prices and Profits,* where he argued that 'the general tendency of capitalist production is not to raise, but to sink the average standard of wages, or to push the value of labour more or less to its minimum [physical] limit' (Marx 1958 [1865] quoted in Hollander,1984). More famously, Marx and Engels write in the Communist Manifesto that 'the modern labourer, on the contrary, instead of rising with the progress of industry, sinks deeper and deeper below the condition of existence of his own class' (Marx, 1955 [1888]: 16).

Elsewhere, Marx appears to argue for a relative concept of wage-based immiseration for the active labour force. In Chapter VI, Vol. 1 of *Capital*, he makes clear that the value of labour time, or wages, are ultimately determined by the *socially* necessarily labour time required to reproduce the workforce, which itself comprises a 'historical and moral element' based on the 'habits and degree of comfort in which, the class of free labourers has been formed' (Marx, 1906 [1867]: 190). Some maintain that for Marx, the contents of this social subsistence minimum tended to rise over time (Sowell, 1985). Other passages are found in his 1848 publication *Wage-Labour and Capital*, where Marx argues that: 'wages are, above all, also determined by their relation to the gain, to the profit of the capitalist – comparative, relative wages' and 'if capital is growing ... the material position of the worker has improved, but at the cost of his social position' (Marx (1984) [1848]: 260, 262). A similar relative interpretation is consistent with Marx's rejection of Lasalle's so-called iron law of wages, the view that wages tend towards a subsistence minimum (Marx 1942 [1875]. Whatever one's interpretation of Marx's view on relative or absolute marginalisation of the active labour force, it is quite clear that he thought absolute immiseration to be the likely fate of the relative surplus population.

Some of the same drivers of immiseration suggested by Malthus and Marx reappear in more recent discussion of mechanisms of IMG and in empirical analyses of the poverty/growth relationship (see below). This applies specifically to issues of: the sectoral pattern of growth (Malthus), real wage trends, unemployment/underemployment and technological change (Marx).

⁴ Hollander (1984) makes a similar argument though he places greater emphasis on the role of population growth.

2.3 The 1970s Debates

In the 1970s, policy attention began to refocus on the distributional consequences of growth with emphasis on countries in the Global South. The prospect of Immiserizing Growth was starkly raised in policy debates given fears that the benefits of growth were not reaching significant portions of the population. As discussed below, the empirical base for such conclusions was limited yet a number of studies appeared consistent with the thesis of Immiserizing Growth.

The most important statement of this position was the 1974 joint publication by the World Bank and the Institute of Development Studies at the University of Sussex *Redistribution with Growth.*⁵ (Chenery et al., 1974). World Bank chief economist Hollis Chenery (1974: xiii) opened the volume by stating that:

It is now clear that more than a decade of rapid growth in underdeveloped countries has been of little or no benefit to perhaps a third of their population. Although the average per capita income of the Third World has increased by 50 percent since 1960, this growth has been very unequally distributed among countries, regions within countries and socio-economic groups

The empirical foundation of this claim was surveyed by Montek Ahluwalia (1974) in the opening chapter of *Redistribution with Growth*. He noted the 'increasing concern with widespread poverty in underdeveloped countries [and] that economic growth by itself may not solve or even alleviate the problem within any "reasonable" time period.' Ahluwalia went on to argue that 'the empirical evidence underlying this pessimistic view is limited but persuasive' (p. 3). Some of the most important cases which appeared consistent with the pessimist scenario included India (Dandekar and Rath, 1971) and Brazil (Fishlow, 1972).

As discussed, below, the recent empirical evidence does not support this pessimistic view held by some in the 1970s. Nevertheless, certain of the alleged processes of immiseration remain relevant. Specifically, the author of *Redistribution with Growth* pointed to at least three core mechanisms leading to poor distributional outcomes, namely, the concentration of growth and investment in an enclave-type modern sector (as per Lewis' dual sector model), the lack of access to land, credit, education and modern sector employment and ensuing lack of human

⁵ A similar analysis was presented by the International Labour Organisation (ILO, 1976)

capital, and fiscal, trade and transfer policies unfavourable to those at the bottom of the distribution (Chenery 1974: xiv-xv).

3. Theory and Mechanisms

In economics, the idea of Immiserizing Growth is associated with Jagdish Bhagwati (1958) who showed how the increasing volume of price or income-inelastic (traditional) exports may lead to adverse shifts of the terms of trade as relative prices fall. The growth effect associated with the increasing volume of exports is more than offset by the welfare loss for producers due to falling prices. Similarly, Samuelson (2004) argued that Immiserizing Growth could result in industrialised countries if the terms of trade shifted against manufactured goods due to the introduction of import substitution industrialisation in their main trading partners. Prior (2007) has argued that empirically, such cases have been rare.

The idea of IMG has also been prevalent in more radical traditions of scholarship. For example, Dependency theorist, Samir Amin (1976, 2003), has argued for immiseration or marginalism in the Global South due to global economic integration which undermines traditional producers, depress wages in export agriculture, leads to pauperisation in urban areas, as so forth. Similar ideas have emerged from Marxist or neo-Marxist agrarian political economy, though the emphasis is on rural differentiation and not necessarily impoverishment in an absolute sense. For example, Henry Bernstein (1979) has argued that the extension of commodity relations in agriculture may result in a 'simple reproduction squeeze' of the peasantry due to: i) exhaustion of land and labour; ii) rural development schemes which impose more expensive means of production or iii) deteriorating terms of exchange of peasant produced commodities. Likewise, others have focused on processes inhibiting the accumulation of a surplus by the peasantry including rent paid in labour, cash and kind and surplus appropriation by landlords, employers or the state in the form of wages, prices, usury or taxation (Deere and de Janvry, 1979).

Similar processes of impoverishment figured in debates about the poverty effects of agricultural growth in rural India in the 1970, including: i) labour-displacing machinery; ii) eviction of small tenants; iii) increased dependence on purchased inputs and privately controlled irrigation; iv) shifts in demand from local handicrafts to mass-produced urban consumer goods; v) the use of mechanised pumps by richer farmers which depleted water tables; vi) increased political dominance by richer farmers in village affairs and so on (Bardhan, 1985: 77).

A partial rerun of these debates has occurred over the past decade in the context of pro-poor or inclusive growth, with similar lists arising. Robert Eastwood and Michael Lipton (2000) for example, identified an overlapping set of processes of impoverishment including: i) shifts of demand away from products made by immobile poor (Coarse-Cloth Effect); ii) labour-saving technical change (Tractor Effect); iii) slow technical change in sectors in which immobile poor are concentrated (Handloom-Weavers Effect); iv) rises in relative prices of poor people's products, making them uncompetitive (Millet-to-Milk Effect).

Related discussion has taken place in the context of the literature on the dynamics of poverty. One strand of this literature has focused on vulnerability, or the likelihood of falling into poverty (or greater poverty). Allegedly, the most important shocks precipitating such descents in the Global South are: illness, violence and conflict, natural disasters, harvest failure, terms of trade deterioration, and loss of employment (Sinha et al., 2002). Another stand has placed emphasis on the determinants of chronic poverty including the possibility of poverty traps. Theoretical and empirical analyses of poverty traps have followed (Bowles et al., 2006, Carter and Barrett, 2006), though empirical identification of traps using cross-country or micro-level datasets has proved difficult (Mckay and Perge, 2013; Kraay and McKenzie, 2014).

Some (or all) of these mechanisms of impoverishment may be, in fact, the driving forces of Immiserising Growth. The concept of IMG may constitute an integrating framework which facilitates analysis of such from a range of perspectives.

4. Political Economy, Politics, & The Policy Process

Another way of addressing the causal mechanisms underlying Immiserizing Growth is to examine issues relating to political economy, politics and the policy process. Specifically, questions may be raised about the interests served through different policies (or their absence), the nature of politics and policy-making, including choice of strategies and tactics, along with processes of policy or program formulation, implementation, evaluation and subsequent feedback (the policy process). Such issues have been addressed in literatures which broach themes closely related to the converse of Immiserizing Growth, namely Inclusive Growth, poverty reduction or redistribution.

One caveat should be mentioned about these analytical perspectives. There is a tendency, at times, to assume that the optimal policy mix for Inclusive Growth (or poverty reduction) is

well-known and the core problem amounts to getting the 'political economy' or 'politics' right. It is true that the broad contours of more successful strategies of poverty reduction are generally known and include such elements as enhancing agricultural productivity, improving access to productive assets, promoting labour-intensive employment and so on. Nevertheless, three core problems arise. First, policy pronouncements such as those above, are framed at too high a level of generality to be useful to inform many actual policy measures. Second, many aspects of the optimal policy mix are contextual and dependent on a host of country and time specific factors (Hausman et al., 2005) Third, there is still legitimate debate about many aspects of public policy for which the evidence is inconclusive (see Klasen (2003) with respect to Inclusive Growth). The key point to bear in mind in the context of the following discussion is that the optimal policy mix is not a 'given' and often eminently contested.

4.1 Political Economy

A starting point for analysis is political economy and specifically, the relationship between economic and political power. When examining the policy mix, including the presence or absence of policies which generate immiserizing or inclusive forms of growth, a first question posed is *cui bono* – who benefits? There are many traditions of political economy, including Marxian political economy (Miliband 1977), collective choice analysis (Olsen 1965) state-centric analyses (Evans 1979), among others, which provide different answers to this core question. In the context of Immiserizing Growth, political economy analyses have taken a number of forms.

One type of analysis has focused on the implications for poverty reduction of the regime type, or the societal balance of class and caste power. A classic contribution is Kohli (1987), who attributed successful poverty reduction in West Bengal, relative to a number of other states in India, to the presence of an ideologically committed and disciplined party (the Communist Party of India-Marxist), willing to confront local landed interests through agrarian reforms for the benefit of poorer population groups. Harris (2005) came to a similar conclusion when comparing poverty outcomes across all Indian states. He argued, further, that populist regimes based on charismatic leadership and regional party affiliation, as in Tamil Nadu, were potential sources of pro-poor outcomes. Such analyses form part of a tradition of scholarship which points to the role in promoting beneficial distributional outcomes of radical (Kerala, West Bengal, Bolivia, Ecuador) or moderate (Brazil, Uruguay, Costa Rica) left-of centre regimes,

which, for ideological and political reasons, rule in the interests of the less well off (Sandbrook, 2014).

The key insight of political economy is that power matters. This type of analysis sets bounds on the possibilities of politics, but loses force if used in a deterministic way to explain poverty or distributional outcomes. In this context, three points are particularly relevant to note.

First, analysis of the class or economic bases of political power, should not imply that there is little scope for cross-class alliances or coalitions to promote Inclusive Growth. In fact, there are a number of reasons why such coalitions may evolve. First, there may be overlapping interests between the poor, middle strata and the elite. Overlap between the former two is enhanced if the groups are spatially interlinked, such that they face common issues of public service provision, for example, have complementary livelihood strategies, and are tied by ethnic, regional or linguistic allegiances (Nelson, 2005). Similarly, elites may perceive it to be in their best interests to side with the poor as in 17th century England when fear of crime, riot and rebellion led, inter alia, to the Poor Laws (Toye, 1999: 8), and later, in the nineteenth century, where landed interests supported improvements in industrial working conditions (Bell, 1974: 54). In more recent times, the so-called 'systemic vulnerability' thesis has attributed the success of South Korea, Taiwan and Singapore in rapidly reducing poverty to perceived threats among elites by restive popular classes, inter alia (Doner et al., 2005). In addition to overlapping interests, cross-class coalition may form if elites seek out political allies because of divisions within their ranks (Mosley, 2012: 109, 146). There are many historical and contemporary examples of such coalitions in the literature (see sources in note 6). The key empirical question is whether or not such class compromises dilute the impact of policy reform relative to feasible alternatives and as such, do more harm than good (Ascher, 1984: 311). The balance of professional opinion on this issue comes out strongly in favour of broad coalitions have been quite instrumental to cases of successful poverty reduction or redistribution.⁶

Second, the power-based analytical focus of political economy does not necessarily imply that strategies of political mobilisation to bolster one's political base are optimal to generate positive economic or social outcomes. The empirical literature is mixed on this point. Some argue that mobilisation of poor and marginal populations is in fact critical to ensure representation of their interests in political processes (Hirschman, 1963) and further, to promote social change directly

⁶ See Nelson (2005), Bell (1974), Mosley (2012), Herring (2005), Ascher (1984), Teichman (2016).

(Whitehead and Gray-Molina, 2005). Others argue that overt forms of political mobilisation can backfire and provoke a backlash among groups who otherwise might be supportive of their goals. The classic statement of this view is found in Ascher's *Scheming for the Poor* whose study of post-WWII Argentina, Chile and Peru concluded that:

the traditional emphasis ... on support mobilization ... have run into catastrophic problems that can be traced to mobilization of opposition beyond what would have been necessary ... the mobilization of supposed support rarely pays off for the proredistributive regime, either because the already-benefited segments turn around to block redistribution to the remaining poor, or because their raised aspirations remain unsatisfied (Ascher 1982: 309).

The key point here is that the consequences of strategies of mobilisation for positive distributional outcomes is very much an empirical question involving considerations which go beyond the balance of economic and political power.

Third, even in the context of similar configurations of economic and political power, certain regime types are more conducive to positive economic and social outcomes than others. The notion of political settlements, or the outcomes of political struggles between elites over control of resources and poverty, is relevant in this regard (Khan 2010; Booth 2015c). Specifically, it directs attention to situations where elites are able to direct rents in ways which promote positive social and economic outcomes over a longer-term horizon, rather than squandering them for immediate political gain. Apparent historical examples within sub-Saharan Africa of this co-called 'developmental patrimonialism', including Cote d'Ivoire (1960-75) and Malawi (1964-79), were characterised by strong leaders and/or dominant political parties with mechanisms to ensure the distribution of benefits to politically salient ethnic groups (Booth 2015b).

4.2 Politics

A next level of explanation falls under the heading of politics, by which is meant 'statecraft' and leadership. Here we are referring to political strategies or tactics which have proved more successful in achieving positive economic or social outcomes. Once again, Acher (1984, Chs. 1, 14) is the best source. He has chronicled a number of such processes, including:

- i) strategic deployment of policy making personnel, often technical 'experts', who are favourably disposed to pro-poor policies;
- ii) strategic use of policymaking modes, such as conciliatory bargaining, and policy-making arenas, in particular those which are less likely to politicise reforms and galvanise opposition;
- iii) judicious choice of policy instruments, in particular those less likely to trigger a widespread negative response, such as the use of monetary policy or devaluation as opposed to asset confiscation⁷;
- iv) linkage of instruments to ensure that there are benefits across a wide section of the population with a view to solidify a political constituency in support;
- v) effective communication (manipulation) of issues related to the likely effects of reform measures, the severity of existing or ensuing economic dislocation, the feasibility of alternatives, and so on;
- vi) symbolic manipulation of the perceived costs and benefits of policies on different groups (for example, by stressing national pride or prestige resulting from poverty reduction);
- vii) skillful coalition building among a broad cross-section of political groupings and political marginalisation of resolute opponents.

For all of these measures, a premium is placed on astute leadership and statesmanship. To quote, once again, from Asher (1984: 17-18):

Success lies in the leader's capacity to shape the subjective climate through selection of policy and tactics, in order to curb the motivation of groups facing deprivation to undermine or to retaliate against the government's efforts ...[The] best records of redistribution are held by pragmatic politicians who can manipulate the political atmosphere to lull, disarm or intimidate the potential opposition, and to isolate the direct victims of specific redistribution measure from their potential allies.

4.3 The Policy Process

A final level of analysis focuses on the policy process, or the cycle linking policy formulation, implementation, evaluation and feedback. There are at least two relevant elements. First, state capacity or effectiveness is often invoked as a *sine qua non* of positive poverty or distribution outcomes despite considerable debate about the meaning and measurement of this term (e.g. Mosley, 2012). One recent offshoot of this literature is the examination of so-called 'pockets

⁷ This point is also stressed by Bell (1974) in his support for dynamic redistribution which changes the distribution of increments to national income as opposed to confiscation or static redistribution of given assets.

of effectiveness', or specific public agencies which have proved effective at specific tasks, even in the context of a poorly performing public sector (Roll 2014; Dietz and Leliveld 2015). An ongoing area of research is to better understand the characteristic and determinants of such 'pockets', and to identify additional examples in areas of particular relevance to poverty (Booth (2015a). Second, another strand of literature has focused on processes of experimentation in policy design and implementation, relying on trial and error, with a view to develop better policies and programs. In this context, a number of buzzwords have arisen, such as Problemdriven Iterative Adaptation (PDIA) or institutionalised problem-solving processes using experimentation, rapid, experiential learning and feedback into policy or programming (Andrews et al., 2013). Another area of research is how to systematise such processes, in particular in areas of greatest impact on poverty reduction.

Analysis of political economy, politics and the policy process point in different ways to mechanisms which may perpetuate Immiserizing (or Inclusive) Growth. Their analysis is central and complementary to those discussed in Section 3.

5. The Cross-Country Evidence

As mentioned above, there are three key stylised facts from the country-country evidence about the relationship between economic growth and poverty reduction, namely, growth reduces poverty on average, there is heterogeneity in the growth/poverty reduction relationship and there are outliers, in particular, cases of growth without poverty reduction.

5.1 The Relationship between Growth and Poverty Reduction

Cross-country data, based on nationally representative household surveys, strongly supports the view that growth reduces poverty, on average. Table 1 below reviews a number of studies conducted since 2000 which have calculated Growth Elasticities of Poverty (GEP) or Growth Semi-elasticities of Poverty (GSEP).⁸ Poverty is defined as income/consumption change of the bottom one or two quintiles of the distribution, (in which case, elasticities are positive if growth is poverty reducing), or in terms of changes in population percentages below a \$PPP

⁸ Elasticities are calculated where poverty trends are represented as percentage changes, whereas semi-elasticities refer to instances where poverty trends are represented as percentage point changes. The difference between percentage and percentage point changes is best explained with an example. A reduction in poverty incidence from 20 to 10 percent of the population reflects a 10 percentage point change and a 50 percentage change.

threshold, typically \$1/day or its equivalent, (in which case, elasticities and semi-elasticities are negative if growth is poverty reducing).

Author	Definitions	Sample	Elasticities (Range)
Ravallion (2001)	Poverty: PPP \$1/day (P0)	50 Countries, 120	-2.52.07 (depends on use
	Growth: Survey Mean	Spells	of instrumental variables)
Dollar/Kraay (2002)	Poverty: Q1 \$PPP Growth	285 Country-Year	0.913 - 1.187 (depends on: i)
	Growth: Survey Mean	Observations; 92	levels vs growth regressions; ii)
	(Income or Cons.)	Countries	instrumented or not; iii) GMM
			system estimator)
Bourguignon (2003)	Poverty: \$PPP \$1/day (P0)	50 Countries, 114	-1.65 — -7.87 (depends on: i)
	Growth: Survey Mean	Spells	inclusion of Gini; ii) inclusion of
			interact btn Y and initial Gini
			and level of development)
Adams (2004)	Poverty: PPP \$1.08/day	60 low/middle	-0.953 — -5.021 (full sample,
	(P0-2)	income countries;	conditional on initial Gini)
	Growth: Survey Mean &	126 spells	(depends on: i) poverty
	GDP		measure; ii) GDP or survey
			mean)
Kraay (2006)	Poverty: PPP \$1/day (P0)	285 Surveys, 80	-1.15 (PPP Poverty)
	Growth: Survey Mean	Developing	
		Countries, 77 long	
		spells (>5years)	
Foster and Székely	Poverty: PPP \$2/day (P0-	188 Surveys 34	-1.3 — -1.78 (PPP Poverty)
(2008)	1) & Q1 Growth	Countries (few	0.9 1.08 (Q1 Growth)
	Growth: Survey Mean	from LDCs)	
Chambers & Dhonge	Poverty: 2005PPP	500 Observations;	-2.0 — -3.8 (depends on: i)
(2011)	\$1.25/day (P0)	116 DCs	random or fixed effects; ii) level
	Growth: Survey Mean		of inequality)
Balakrishnan et al.	Poverty: \$2005 PPP	579 Country-Year	-2.15 — -10.53 (PPP Poverty)
(2013)	\$2/day & (Q1+Q2)	Observations	0.858 — 0.96 (Q1+2 Growth)
	Growth: Survey Mean		(depends on regressors)
Dollar et al. (2013)	Poverty: Q1 & (Q1+Q2)	963 Country-Year	0.955 — 1.06 (Q1)
	\$PPP(2005)	Observations; 151	0.932 — 1.00 (Qs1&2)
	Growth: Survey Mean	Countries - 1967-	(depends on length of spell, i.e.
		2011.	all, min5, long)

Table 1 Growth (Semi-)Elasticities of Poverty (Recent Studies)

To update these results, scatterplots and regressions based on the most recent 2011 purchasing power parity (PPP) adjusted data are presented below. Our dataset is explained in greater detail in Appendix A, but differs from some of those reviewed above in that it is restricted to the post

1990 period and to countries in the Global South. The measures of growth used are based on GDP per capita and survey mean income or consumption expenditure per capita. The poverty measures used are poverty incidence⁹at the 2011 PPP international poverty line of \$1.90/day, represented in terms of both percentage and percentage point changes (see note 8), and income/consumption growth of the bottom quintile and two quintiles of the distribution.

Figures 1 and 2 present scatterplots with survey mean income/consumption and GDP/cap as the growth measures, respectively. Visual inspection of these figures suggests that the most recent data are consistent with the core finding that growth is generally poverty reducing. The relationship does appear to be less tight when relying on GDP/cap, rather than survey mean income/consumption, and when comparing GDP/cap with income/consumption growth of the bottom one or two quintiles of the distribution.



Figure 1 The Relationship between Changes in Survey Mean Income/Consumption and Alternative Measures of Poverty

Figure 2 The Relationship between Changes in GDP/cap and Alternative Measures of Poverty



⁹ Measures of poverty which are sensitive to the distance below the poverty line, such as the Foster-Greer-Thorbecke P1 measure, generate very similar results to the scatterplots and regressions below.

To further examine these relationships, growth elasticities of poverty are presented in Table 2 using the same variables as the scatterplots. All the signs on the coefficients are consistent with the core research finding that growth reduces poverty on average. There are a number of other findings which are relevant to note, namely:

- 1. As suggested by the scatterplots, the relationship is much tighter between poverty and survey mean income/consumption growth than between poverty and GDP/cap growth as reflected in the higher R-squared values in all of the models.
- 2. In addition, growth elasticities and semi-elasticities values are always higher when using survey mean income/consumption rather than GDP/cap growth.
- 3. The range of elasticity values between growth and poverty incidence (P0 % Change) of -0.9 to -1.27 is consistent with findings in the broader literature, though somewhat on the low side. The same point applies to relationship between survey mean growth and the bottom one or two quintiles where elasticity values range from around to 0.87 to 0.9. Such results are lower those of Dollar and Kraay (2002) and Dollar et al. (2013) who found such elasticity values to be close to 1.
- 4. Semi-elasticity values (based on percentage point changes) are always lower than elasticity values (based on percentage changes). This difference reflects the fact that percentage point changes in poverty are almost always smaller than percentage changes.¹⁰

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VARIABLES	P0 ^a	P0 ^a	Q1 ^b	Q1&2¢	P0 ^a	P0 ^a	Q1 ^b	Q1&2º
	%Chg.	%Pt. Chg ^d	%Chg.	%Chg.	%Chg.	%Pt. Chg ^d	%Chg.	%Chg.
Survey Mean Income/Cons.	-1.265***	-0.283***	0.898***	0.868***				
	(0.167)	(0.0214)	(0.0968)	(0.0666)				
GDP/cap ^e					-0.950***	-0.190***	0.342*	0.380**
					(0.298)	(0.0511)	(0.197)	(0.159)
Constant	-0.951	-0.338***	1.286***	1.041***	-1.072	-0.417**	2.077***	1.723***
	(0.779)	(0.0998)	(0.450)	(0.310)	(1.036)	(0.178)	(0.688)	(0.557)
Observations	155	155	155	155	154	154	150	150
R-squared	0.272	0.532	0.360	0.526	0.063	0.083	0.020	0.037

Table 2 Growth (semi-) Elasticities of Poverty (GEP)

^aPoverty Incidence (\$1.90 PPP); ^b Quintile 1; ^c Quintiles 1 and 2; ^d Percentage Point Change (see text); ^eGDP/cap (2011 \$PPP); Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Source: PovcalNet and World Development Indicators

¹⁰ The mean annual (unweighted) percentage change across all spells was -3.27%, while the corresponding percentage point change was -0.86.

In summary, all of the above results support the core research result that growth reduces poverty on average. The strength and goodness of fit of the relationship however, depend, *inter alia*, on the poverty and growth measures used, as further discussed in the following sub-section.

5.2 Heterogeneity in the Relationship between Growth and Poverty Reduction

The range of estimates of the poverty/growth elasticities presented above attests to the heterogeneity in the relationship. Other markers of heterogeneity include the relatively high standard errors found for certain of the above estimates along with relatively low R-Squared values in some of the models. As shown above, sources of this heterogeneity in the cross-country literature include the following:

Re. Measurement/Specification

- The Poverty Measure. Elasticity values tend to be lower for those indices which assign more weight to lower incomes, e.g. when α>0 in the Foster-Greer-Thorbecke (FGT) poverty measures (Adams, 2004; Kraay 2006);
- 2. *The Income Measure*. A similar point applies if poverty is defined in terms of income growth of the bottom quintiles of the distribution. If more weight is placed on lower incomes, elasticity values fall, to the point where they may be statistically indistinguishable from zero (depending on the weighting parameters used) (Foster and Székely, 2008).¹¹
- 3. *The Growth Measure*: Elasticity values tend to be higher when growth is defined in terms of survey mean income or consumption as opposed to GDP/cap. (Adams, 2004; Ram, 2006, 2011).

Re. Patterns and Potential Drivers

- 4. *Regional Variation:* There is considerable evidence of regional variation in the PEGs with sub-Saharan Africa often registering the lowest elasticity values, when poverty is defined in terms of a PPP threshold. (Besley and Burgess, 2003; Dollar and Kraay, 2002; Fosu, 2009; Kalwij and Verschoor, 2007, Dollar et al., 2013).
- 5. *Initial Inequality*: Higher initial inequality, or increases in inequality over time, reduce PEGs (Bourguignon, 2003; Ravallion, 2001, 2007, 2014, 2016; Kalwij and Verschoor, 2007). This finding is subject to the caveat that inequality may be serving as a proxy for 'poverty' as reflected in the fatter left tail of the distribution.¹²

¹¹ Points 1 and 2 do not necessarily imply poverty traps for those near the bottom of the distribution. Rather their incomes receive more weight when using bottom sensitive poverty or income measures. For example, Foster and Szeleky (2008, p. 1158) found GEPs for the lowest decile to be around 0.9. In addition, Kraay (2006, p. 231) did not find statistically significant differences in growth rates of those at 100%, 50% and 25% of the initial poverty line (though his sample included only 22 spells with high standard errors).

¹² Support for this idea comes from Ravallion (2012: 519) who found that growth elasticities of poverty fall from around -2.2 to -0.5 as poverty incidence increases from 10 to 80 percent.

- 6. *Density of Population Near the Poverty Line*. PEGs are higher, *ceteris parabis*, the higher population concentrations around the poverty line, when poverty is defined in terms of population percentages below a threshold. (Bourguignon, 2003; Kalwij and Verschoor, 2007).
- 7. *The Sectoral Composition of Growth*. Some evidence suggests that growth in sectors with high contributions of *unskilled labor*, such as agriculture, construction and manufacturing, is generally more poverty-reducing (Loayza and Raddatz, 2010;) There are somewhat counterintuitive and mixed results in the cross-country literature, however, concerning the poverty-reducing effect of agricultural-based growth. For example, Eastwood and Lipton (2000) note the paradox that country studies overwhelmingly find that agricultural growth is pro-poor, yet cross-country regressions often do not find statistically significant results for agriculture. In a recent example, Dollar (2006) did not find agricultural productivity to be associated with the growth or distributional components of poverty reduction.
- 8. *Policy Variables.* There are few policy variables with consistent statistically significant effects on poverty reduction (conditional on growth) found in the cross-country data, though some variables are significant in particular studies, e.g. educational spending or literacy in Chhibber and Nayyar (2007) and Balakrishnan et al. (2013). Recent evidence in support of this conclusion come from Dollar et al. (2013) who used Bayesian Model Averaging (BMA) which assesses whether or not a particular variable remains statistically significant when alternative models are run using different combinations of variables. Seventeen variables were selected¹³ and 131,072 regressions were run. BMA techniques facilitate estimation of the percentage of models in which individual variables are significant, along with the estimated coefficient values of individual variables across all models in which they are included. The study came to two key conclusions for those models in which poverty was measured as income growth of the bottom 40 percent:
 - Only three variables were significant in more than 5 percent of the models, namely inflation (found in 32 percent of models); life expectancy (42 percent of all models) and agriculture's share of GDP (10 percent of all models), though the first two variables came to counterintuitive results Specifically, increases in life expectancy were found to be negatively associated with income gains to the poor and rises in inflation were found to be positively related.
 - The average slope coefficient across all variables was close to zero, implying that, on average, no variable, except income, was statistically significant.

Findings such as these illustrate starkly the limitations of cross-country regressions in providing policy relevant findings about correlates of poverty reduction (conditional on growth). This is not surprising because such models aggregate across very different types of countries characterised by different processes linking growth and poverty reduction. They also underscore the importance of using alternative methodological approaches such as structured case studies, to arrive at policy-relevant conclusions.

¹³ In addition to income, the variables included changes in: financial depth; inflation; budget balance; trade openness; population growth; life expectancy; assassinations per population; revolutions per population; civil liberties; internal conflict; war participation; financial openness; primary school enrollment; education Gini; government spending on education; government spending on health; agriculture share of GDP.

5.3 Outliers, in particular, Growth without Poverty Reduction

In Adams (2004) dataset of 60 low and middle income countries, fifteen of one hundred and eighteen growth spells (13%) were characterised by increasing growth in mean survey income or consumption and increasing \$1/day poverty incidence. Further, when measuring growth in terms of GDP, forty-one cases of growth without poverty reduction are found, or approximately thirty-five percent of the database. In addition, Donaldson (2008) found that 45 of 285 historical cases in Dollar and Kraay's 2000 dataset (15%), show declining incomes of the poorest quintile alongside growth in mean survey income or consumption.

In our own dataset (described in Appendix A), we found that in 32 of 159 cases (20%) of increasing poverty incidence with increasing GDP/cap. In addition, in 39 of 159 (24%) cases, incomes of the bottom quintile fell while GDP/cap grew. Another interesting finding is that in the vast majority of cases of increasing or stagnating poverty occur in the context of growth of GDP/cap or survey mean income/consumption (mainly the former). Specifically, around 75% (32 of 43) of cases of increase or stagnation of poverty incidence (\$PPP 1.90), and around 78% (39 of 50) of cases of negative growth or stagnation of income/consumption of the bottom one or two quintiles, are associated with growth of either GDP/cap or household mean income/consumption (see Appendices B and C). Obviously, more investigation is required to determine the reasons, in particular, to rule out data incomparability or measurement error, but these data suggest, *prima facie*, that IMG is not insignificant as an empirical phenomenon.

6. Empirical Country Studies

There have been a number of empirical studies in the literature which have documented apparent cases of Immiserizing Growth. The main caveats with many of these studies concerns the consistency of household survey results over time and divergences between household survey and national accounts data due to measurement or estimation issues. Nevertheless, the following cases of apparent IMG are relevant to note.

Donaldson's (2008) comparative analysis examined a number of negative outliers, or countries where incomes of the poor fared worse than expected in light of overall income growth. Certain of these examples did not constitute IMG as defined above, in that the countries were experiencing negative growth. The examples of IMG, however, included; Colombia (1970-79), where land reform was partially reversed and other progressive social policies dismantled;

China (1990-95), where policy shifted from rural to urban-based development and Singapore (1978-83), where labour-displacing technology was introduced and job losses ensued.

Barrett (1998) explained the apparent anomaly of increasing poverty and food insecurity amidst accelerating growth in Madagascar in the 1990s by invoking a variant of IMG. He argued that welfare losses among the poor due to rising rice prices led to an increase in agricultural output as smallholders attempted to stave off further deterioration. Growth was an endogenous response to processes of marginalisation.

Cunguara and Hanlon (2012) have identified a number of potential explanations for the apparent strong GDP performance amid stagnating levels of poverty in Mozambique between 2002 and 2009. The core explanations included: i) rises in staple food prices which negatively impacted on both urban and rural poor (many of the latter are net food purchasers); ii) enclave-type production, such as aluminium and oil, with few linkages to the local economy and iii) poverty traps due to cash and credit constraints among poor farmers, who are 'too poor to sell their produce. A complementary analysis provided by Arndt, Jones and Tarp (2016b) points to fuel, food price and weather-related shocks in 2008 and low agricultural productivity (in the context of enclave production) as the key sources of stagnating poverty reduction. They also note that official GDP/cap growth statistics are likely to have been overestimated.

Grimm and Günther (2007) examined an apparent case of IMG in Burkina Faso between 1994 and 2003 when robust GDP growth did not translate into poverty reduction. Unlike some studies, they adjusted the household survey data to facilitate consistency of poverty estimates over time. While these adjustments explained away some of the apparent findings of worsening poverty, they still found increasing poverty levels between 1994 and 1998 despite healthy GDP growth. The authors attribute this finding to food price shocks due to drought and the devaluation of the CFA franc. More generally, Grimm et al. (2016) attribute the very low PEGs in Burkina Faso over the past twenty years to food price inflation due to high population growth in the context of stagnant agricultural productivity and the lack of structural transformation of the urban economy.

Tanzania is another potential case where poverty fell quite modestly between 2000-2007 despite robust GDP growth (Masindano et al., 2013). As above, the core explanations offered for this trend involve limited growth in agriculture and rising prices of basic goods, including food. Another explanation involves measurement error associated with different price deflators

used for the national account and household survey data, with the effect of overestimating the former (Arndt et al., 2016a).

While this list is far from exhaustive, it gives an idea of the extent, and diversity of experience, of IMG. A logical next step is a comparative cross-country analysis drawing out the drivers of such experiences for different categories/types of countries over different time periods.

7. Conclusion

The concept of Immiserizing Growth has appeared in the literature in different contexts for many years. Nevertheless, there has never been a systematic study of this phenomenon integrating the diverse theoretical arguments and empirical literature on poverty. The research project aims to fill this void drawing on both the cross-country evidence and detailed country studies to arrive at conclusions across types and drivers of Immiserizing Growth.

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Annex A: The Poverty/Growth Dataset¹⁴

The dataset used for the construction of scatterplots and calculation of poverty elasticities of growth in Section 5 is based on Dollar, Kleineberg and Kraay's (DKK, 2013) 'minimum five-year-spell' sample which consists of all possible consecutive non-overlapping country spells with a minimum length of five years per spell. These data have been trimmed at the first and ninety ninth percentiles for extreme observations with respect to income/consumption growth rates of the bottom two quintiles and for differences between survey mean growth and private consumption growth from the national accounts. The dataset was further pared down on the basis of the following: i) only observations with an initial spell date of 1990 onwards were retained, to reflect the increasing quality of household survey data at around this time; ii) high income countries were excluded; iii) country spells where poverty incidence ratios at less than 1 percent at either the start or end of the spell were excluded, which mainly affected the former Soviet bloc nations and Eastern Europe (see Table 3).

	County	Spell		County	Spell
1	Albania	2002-2008	16	Macedonia	1998-2003
2	Azerbaijan	2001-2008	17	Macedonia	2003-2008
3	Belarus	1993-1998	18	Malaysia	2004-2009
4	Belarus	2000-2005	19	Romania	1998-2003
5	Bosnia & Herzegovina	2001-2007	20	Romania	2003-2008
6	Bulgaria	1994-2001	21	Russia	1999-2004
7	Bulgaria	2001-2007	22	Russia	2004-2009
8	Croatia	1998-2004	23	Serbia	2002-2007
9	Estonia	1995-2000	24	Seychelles	2000-2007
10	Jordan	2003-2008	25	Thailand	1999-2006

Table 3 Spells Eliminated from Dataset Due to Low Poverty Incidence

 $^{^{\}rm 14}$ I would like to thank Sam Hargadine for compiling the database.

11	Kazakhstan	2001-2006	26	Turkey	2007-2012
12	Latvia	1996-2002	27	Ukraine	2002-2007
13	Latvia	2002-2010	28	Uruguay	1995-2000
14	Lithuania	1996-2001	29	Uruguay	2000-2005
15	Lithuania	2001-2008	30	Uruguay	2005-2010

On the basis of this selection process, 159 spells were retained from 81 countries. In six cases, updated 2011PPP poverty estimates were not available and 2005 PPP data were used instead.¹⁵ In five cases, no corresponding GDP/cap data from the World Development Indicators were available over the poverty spell period in question.

Annex B: Changes in Poverty Incidence (\$PPP 1.90) and Income per annum

Spell	Country	P0t0	P0t1	$\Delta P0$	Survey	GDP/Cap
					Mean I/C	
1996-2001	Georgia	5.45	19.36	2.8	-10.99%	5.66%
1997-2002	Pakistan	15.92	28.49	2.5	-2.33%	0.83%
1990-1995	Paraguay	1.19	12.4	2.2	-1.09%	1.92%
2003-2010	Zambia	49.44	64.38	2.1	-0.67%	5.25%
1991-1997	Bolivia	8.2	19.25	1.8	4.14%	2.06%
1992-2000	Tanzania	70.42	84.74	1.8	-4.25%	0.65%
1992-1999	Colombia	8.05	19.21	1.6	-2.28%	0.49%
1997-2005	Kenya	21.5	33.6	1.5	-2.74%	0.46%
1998-2003	Zambia	42.14	49.44	1.5	-5.28%	2.36%
1993-1998	Cote d'Ivoire	19.22	25.66	1.3	-4.04%	1.68%
2001-2007	Cameroon	23.12	29.27	1.2	-1.13%	0.95%
1997-2002	Bolivia	19.25	24.93	1.1	-2.71%	0.49%
1994-1999	Ecuador	17.13	21.82	0.9	0.49%	-0.77%
1996-2001	Kazakhstan	6.33	10.1	0.8	-2.86%	6.01%
1998-2003	Guatemala	13.18	16.51	0.7		0.76%
1993-2000	South Africa	31.91	35.2	0.5	-2.23%	0.56%

¹⁵ The six countries are Bangladesh, Cambodia, Egypt, Laos, Jordan and Yemen

Spell	Country	P0t0	P0t1	$\Delta P0$	Survey	GDP/Cap
					Mean I/C	
1996-2002	Uganda	59.6	62.21	0.4	1.19%	2.60%
2001-2007	Timor-Leste	44.22	46.76	0.4	-1.93%	-2.21%
1998-2008	Cote d'Ivoire	25.66	29.02	0.3	0.20%	-1.49%
1994-2000	Mexico	9.92	11.72	0.3	-0.86%	1.43%
2003-2008	Central African Republic	64.77	66.27	0.3	4.18%	1.64%
1995-2004	Malaysia	1.75	4.35	0.3	-2.77%	3.67%
1990-1995	Tunisia	9.82	10.86	0.2	0.37%	1.93%
2001-2006	Paraguay	9.07	10.06	0.2	-3.27%	1.32%
1996-2002	Albania	1.1	2.22	0.2	0.57%	5.35%
1997-2002	Dominican Republic	5.18	5.84	0.1	-0.09%	3.73%
1997-2002	Moldova	16.07	16.36	0.1	-0.34%	1.24%
1992-1997	Dominican Republic	5.02	5.18	0.0	3.54%	4.11%
1994-2005	Iran	2.28	2.61	0.0	-1.51%	3.07%
1991-1996	Sri Lanka	8.73	8.85	0.0	1.69%	3.98%
2004-2010	Nigeria	53.46	53.47	0.0	1.17%	3.80%
1998-2005	Nicaragua	15.67	15.6	0.0	-1.46%	2.37%
1996-2005	Egypt	2.46	2.26	0.0	1.29%	2.40%
1999-2004	Honduras	26.45	26.32	0.0	2.91%	2.53%

Annex C: Changes in Income of Bottom Quintiles and Overall per annum (2011 PPP)

				Survey	
Spell	Country	∆Q1	∆Q1&2	Mean I/C	GDP/Cap
1990-1995	Paraguay	-20.96%	-17.21%	-1.09%	1.92%
1991-1997	Bolivia	-19.91%	-12.09%	4.14%	2.06%
1992-1999	Colombia	-16.58%	-10.18%	-2.28%	0.49%
1996-2001	Georgia	-13.67%	-12.00%	-10.99%	5.66%
1997-2002	Bolivia	-13.29%	-8.66%	-2.71%	0.49%
1994-1999	Honduras	-10.22%	-4.59%	0.98%	0.39%
2003-2010	Zambia	-7.32%	-7.19%	-0.67%	5.25%
2003-2008	Central African Republic	-5.96%	-4.71%	4.18%	1.64%
1997-2005	Kenya	-5.71%	-4.40%	-2.74%	0.46%
1992-2000	Tanzania	-4.34%	-4.66%	-4.25%	0.65%
1997-2002	Pakistan	-3.76%	-3.50%	-2.33%	0.83%
2004-2010	Malawi	-3.46%	-2.73%	1.27%	3.30%
1994-1999	Ecuador	-3.15%	-3.85%	0.49%	-0.77%
1998-2008	Cote d'Ivoire	-3.06%	-1.95%	0.20%	-1.49%
1993-1998	Cote d'Ivoire	-2.87%	-2.88%	-4.04%	1.68%
1995-2004	Malaysia	-2.83%	-2.32%	-2.77%	3.67%
1996-2001	Kazakhstan	-2.64%	-2.80%	-2.86%	6.01%
1994-2000	Mexico	-2.23%	-1.36%	-0.86%	1.43%
2001-2009	Swaziland	-1.94%	-0.85%	1.31%	1.36%
1993-2000	South Africa	-1.89%	-1.71%	-2.23%	0.56%
1996-2002	Uganda	-1.54%	-1.31%	1.19%	2.60%
1996-2002	Albania	-1.44%	-1.27%	0.57%	5.35%

				Survey	
Spell	Country	∆Q1	∆Q1&2	Mean I/C	GDP/Cap
2001-2007	Cameroon	-1.36%	-2.24%	-1.13%	0.95%
1993-2005	Niger	-1.32%	-1.12%	0.93%	-0.45%
1997-2002	Dominican Republic	-0.87%	-1.22%	-0.09%	3.73%
1992-1997	Dominican Republic	-0.64%	1.86%	3.54%	4.11%
2001-2011	Senegal	-0.35%	0.54%	1.34%	1.01%
1994-2005	Iran	-0.33%	-0.06%	-1.51%	3.07%
1991-1996	Sri Lanka	-0.29%	-0.14%	1.69%	3.98%
2005-2010	Bangladesh	-0.19%	1.76%	1.37%	4.83%
1997-2003	Philippines	-0.15%	0.06%	-0.15%	0.89%
1992-1997	Laos	0.08%	0.92%	3.03%	4.45%
1998-2004	Vietnam	0.34%	0.79%	2.73%	5.07%
1998-2005	Yemen	0.35%	-0.50%	-0.45%	1.55%
1996-2002	China	0.38%	0.89%	5.72%	7.51%
2003-2010	Lesotho	0.45%	0.30%	1.23%	3.57%
1997-2003	Jordan	0.45%	0.94%	2.42%	1.79%
1996-2002	Sri Lanka	0.46%	0.45%	3.01%	3.39%
1990-1995	Tunisia	0.55%	-0.36%	0.37%	1.93%
2004-2010	Nigeria	0.60%	0.26%	1.17%	3.80%