PO131 Seminar Week 19
Lecture 18
Global Economic Governance
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1. Why should you, as a student of World Politics, be concerned with poverty and development?

    - Economic growth has historically reduced poverty. China lifted hundreds of millions out of poverty. India and Indonesia also saw major reductions However, growth has limits- what are these limits?

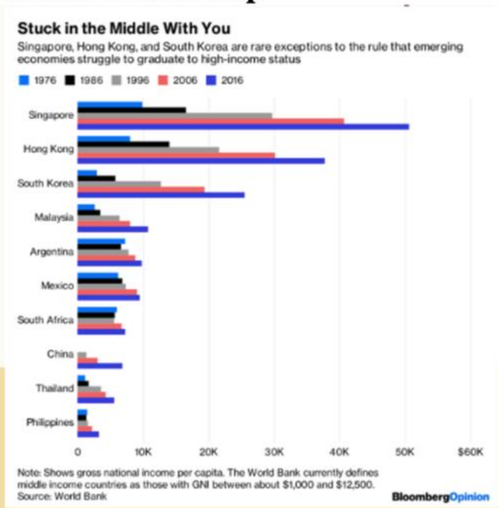
2. Taking a 'Development as Freedom' perspective, what is the state of development in your country? Does this differ to the way in which development is framed in mainstream debates; if so, how and why?
    - What does a poor household need to escape poverty?

3. How likely is it that the Sustainable Development Goals will be met? What are your reasons for optimism/pessimism?

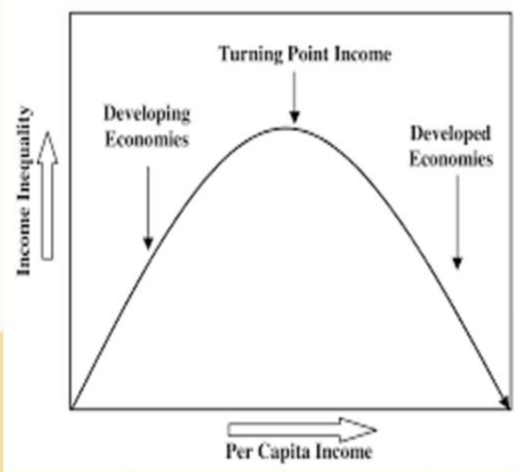
"In 1987, 90 percent of the world's poor lived in low-income countries, while only 6.5 percent lived in middleincome countries. Only five of the 20 countries with the most people in poverty were middle-income. By 2013, over 60 percent of the world's poor lived in middleincome countries, and nine of the 20 countries with the highest concentrations of extreme poverty were middle-income. The eight middle-income countries that each have 1 percent or more of the world's poor are India, Nigeria, China, Indonesia, Pakistan, the Philippines, South Africa, and Zambia. In 2013, just under half of the world's extreme poor (49.3 percent) lived in these eight countries, which we refer to as the high-poverty middle-income countries." (Page and Panday, 2018)

Q. What are the reasons for this? What are the implications of this?

Middle income trap:



Convergence?



Kuznets Curve

Ha-Joon Chang etc.= States such as Korea and Taiwan developed through managed integration into the global economy. The state protected 'infant industries'.

What worked in East Asia?
A developmental state is characterized by having strong state intervention, as well as extensive regulation and planning. The term has subsequently been used to describe countries outside East Asia that satisfy the criteria of a developmental state. "The United States is a good example of a state in which the regulatory orientation predominates, whereas Japan is a good example of a state in which the developmental orientation predominates."

Core Elements of
The Developmental State (Leftwich)

- Developmental Elite
- Relative State Autonomy
- Bureaucratic Power
- Weak Civil Society
- Strong Capacity in Managing State's Economic Interests
- Weak Human Rights
- Legitimacy i.e. Widespread Support for the Regime in Power

Activity: Case Study Comparison

Examine poverty reduction in the country assigned to you. What mechanisms worked? Did institutions or aid play a role?

Group 1: China
Group 2: India
Group 3: DRC
Group 4: Brazil

Other notes:

• **Read this paper from the reading list first:** Ending Global poverty: Why money isn't enough (Page and Pande, 2018) https://www.aeaweb.org/articles?id=10.1257/jep.32.4.173

• **Economics made easy** (read this if you are a non-economist and have trouble with the subject): **Economics : the user's guide / Ha-Joon Chang** Chang, Ha-Joon, author.