

Seminar week 19
 Week 19- Lecture 18
 Global Economic Governance
 Saadia Gardezi

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

Why, through most of human history, have most people been poor?

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?



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

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

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."

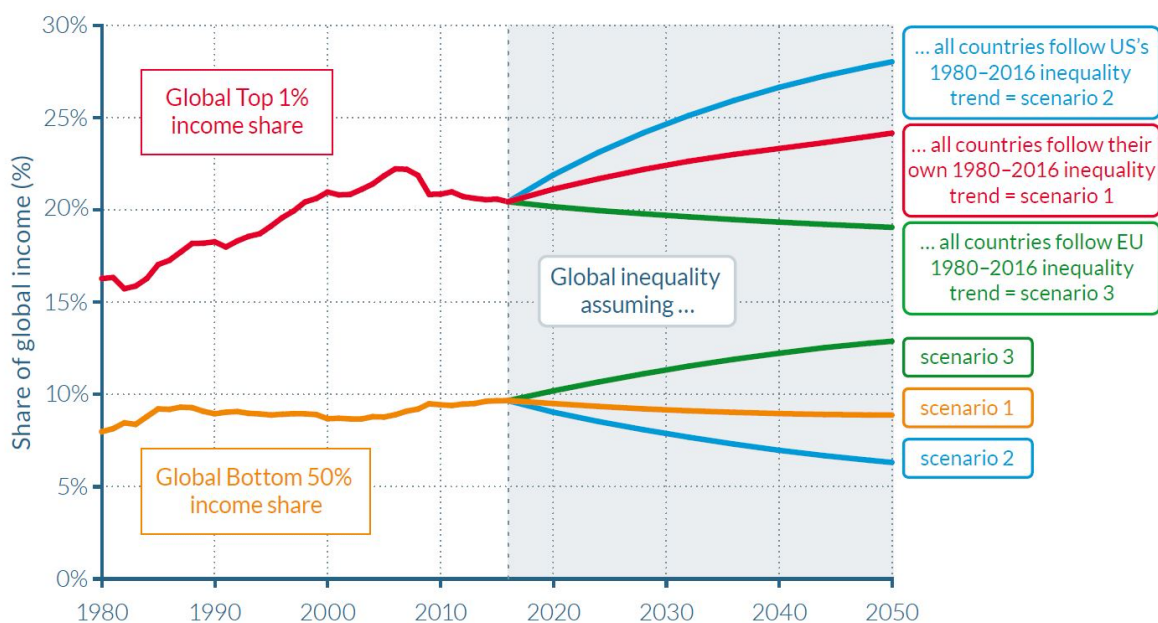
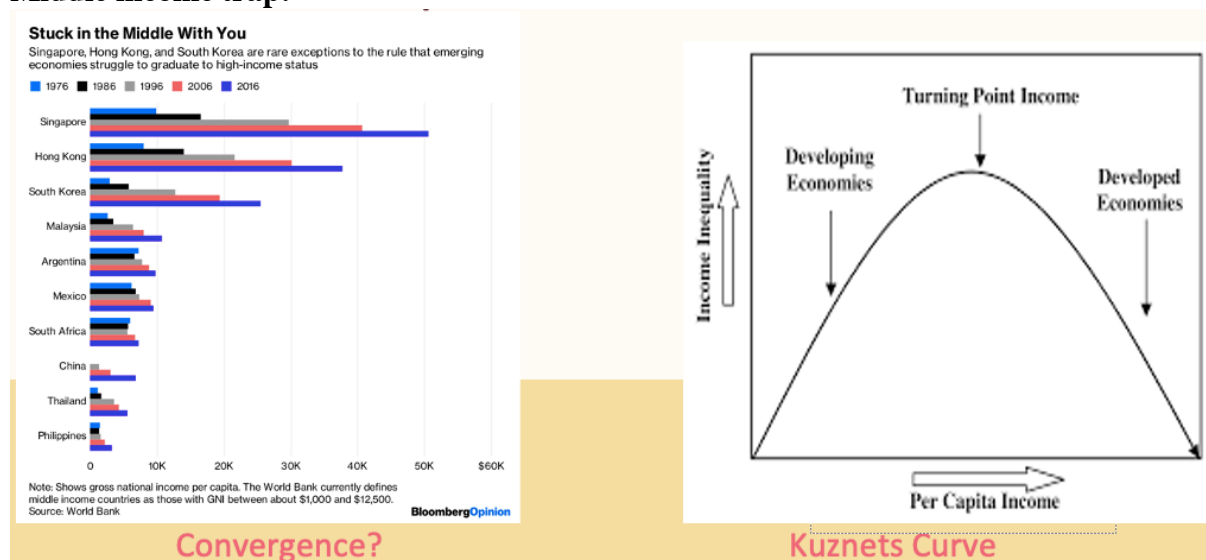
The many faces of Economic Interventionism...

Scale and scope of Public provision	Logic of state action	
	Market directing	Market conforming
High / expanding	Developmental state	Keynesian welfare state
Low / reducing	Regulatory state	19th-century liberal state 21st-century competition state/consolidation stat

Figure 8.1 State forms and characteristics

(Ben Clift 2021, 153, not on reading list don't worry about this focus on the chart above)

Middle income trap:



Poverty is falling, therefore we do not need to worry about inequality?

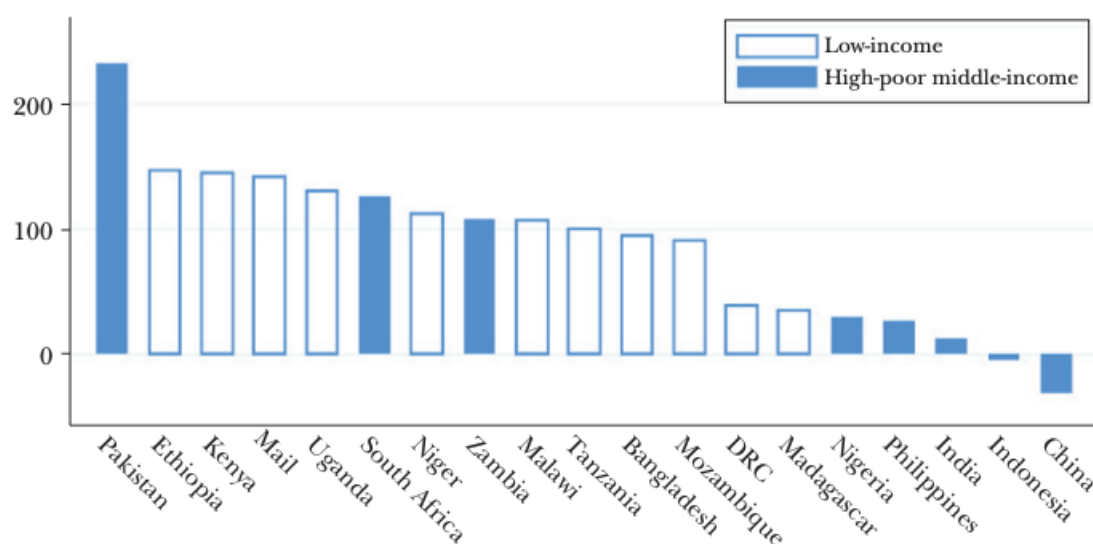
Should aid projects by-pass the state?

(For more context and example see the Ending Global poverty paper)

Figure 2 plots 2016 official development assistance per person in extreme poverty, assuming a constant distribution of global poverty between 2013 and 2016. We include all low- and middle-income countries that were home to at least one percent of the world's poor in 2013; for middle-income countries this is the set of eight high-poverty middle-income countries. Some middle-income countries, like Pakistan, received substantial aid in 2016, but China and Indonesia were net aid donors in 2016, and India, the Philippines, and Nigeria received nearly the lowest net aid per poor person among all aid-receiving countries. The politics of this aid allocation, with aid targeting poor countries rather than poor people, are unlikely to change.

Figure 2

Net 2016 Official Development Assistance per Person in Extreme Poverty



Other notes:

- **Read this paper from the reading list first:** Ending Global poverty: Why money isn't enough. https://epod.cid.harvard.edu/sites/default/files/2018-11/ending_global_poverty.pdf
- **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.](#)