1. Introduction to poverty and inequality

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OVERVIEW

It is just expected that societies pursue the general welfare of their citizens. How they place the well-being of people in the lowest socioeconomic stratum, however, remains the core focus of social development and policies. Poverty and inequality are two interrelated elements of research and policy analysis that inform us about how societies are placing their priorities and making progress on this ongoing and almost universal socioeconomic struggle. This is also an area where natural experiments are taking place as societies develop and apply their own priorities with regard to how to assess the well-being of people and what redistributive and social policy interventions to adopt for politically desirable outcomes. While the practice of using consumption, income, wealth, and other forms of economic well-being remains at the core of poverty and inequality measurement, the past few decades have witnessed remarkable developments in the way they are conceptualized, operationalized, measured, and analyzed. Regional as well as macro- and meso-level variations have also occurred in the way poverty and inequality are assessed and policy interventions are designed and executed. These issues are not just operational in the sense that governments seek to achieve greater growth with the aim of improving the conditions of the masses. Because real people out there have to endure real suffering and disadvantage coming with poverty and low socioeconomic standing, with lasting impact on future generations, these issues are increasingly tied with the normative idea of social justice, equity, and fairness.

There is no question that poverty and low socioeconomic standing force people to accept their inferior status in society. This can be particularly difficult when economic inequality runs high, allowing the well-off sections of society a lifestyle that is unthinkable to the masses. Not only are the rich and well-off able to avoid the drudgeries or even the normal idea of “work” that is of necessity to the poor and disadvantaged, but the social and political system is also rigged as it rewards the rich through policies designed by those who count on their financial and political supports in the first place. The price of inequality, according to Stiglitz (2012), can be enormous as it threatens the political stability and well-functioning democratic institutions that have been achieved in much of the world historically and especially during the second half of the 20th century.

Reducing poverty and the suffering brought about by people’s disadvantaged positions is also a moral imperative, something possible according to Sachs (2006, 2012) through increased taxes on the rich as a “price of civilization” as well as a greater sense of responsibility among high-income and otherwise resourceful countries. What is needed here is the commitment to reduce poverty not just within but also across nations in today’s interconnected world. Atkinson’s (2015) observation of an “Inequality Turn” is also important, in which the redistributive policies of earlier periods have been reversed since the 1980s, causing a major, and still continuing, reversal of inequality globally. The fact that inequality remained relatively
low between the 1940s and 1980s was a consequence of the increased taxes to pay for different wars, Piketty (2014) argues, with a massive increase in compensation to top managers of large corporations fueling inequality since the 1980s. While poverty and a low standard of living have been facts of life for some quarters of society throughout human history, it is clear that they cannot be eliminated without investing policy resources on improving not just the living conditions of the current generation but also the human as well as social capital of the generations to come.

This chapter discusses the general trends in poverty and inequality globally using some widely available statistics focusing on monetary measures. Because the very definitions of poverty and inequality are not without disagreements, there is also an attempt to draw attention to this important conceptual issue. The last section concludes with an overview of this Handbook, providing a thematic discussion of the different parts and chapters included in it.

TRENDS IN POVERTY AND INEQUALITY

Thanks to the massive push toward economic liberalization around the world, the rates of poverty have declined almost universally. As the World Bank (2022) data presented in Figure 1.1 (Panel a) indicate, the extreme poverty headcount ratios measured at $1.90 of per capita daily income—in 2011, Purchasing Power Parity (PPP) values—declined from close to 43 percent in 1981 to under 11 percent by 2019, a whopping 32 percentage point reduction in the four decades. While this measure of extreme poverty is not very meaningful in high-income countries, the group of upper-middle-income countries witnessed a reduction of 55 percentage points during the period. This is an astounding degree of progress as these fast-growing countries have now effectively eradicated extreme poverty, something the Sustainable Development Goals have set to achieve by 2030 in the rest of the world (United Nations, 2015). The case of low-income countries is not very impressive, however, as their average extreme poverty rates declined by 21 percentage points between 1995 and 2018 (earlier data are not available). It must be noted that the combination of countries in these groups changes over time as those with faster economic growth are able to increase their Gross National Income and graduate from low to lower-middle income and then from the lower-middle- to upper-middle-income category relatively quickly. But the fact that close to one-half of the population was living in extreme poverty in the low-income countries even in 2018 is a stark reminder of the difficulty encountered in reducing poverty overall.

Panel b of Figure 1.1 presents poverty headcount ratios at the $3.20 level. Globally, the rate of this relatively more stringent form of poverty, which is more applicable to the living standards in middle-income countries, started out at 57 percent in 1981 and declined to 23 percent by 2019. This 34 percentage points decline is quite impressive, reflecting a variety of country experiences including a reduction of over 63 percentage points in the upper-middle-income countries as a group. In fact, the overall living standard has improved in this group of upper-middle-income countries such that the $3.20 of daily income may not do much justice when it comes to measuring their poverty rates just like in the case of high-income countries. This form of poverty was almost halved in lower-middle-income countries to under 37 percent. It was in the low-income countries, again, where this form of poverty barely budged declining by less than nine percentage points from 1995 to 72 percent in 2018. There can be an argument that the mostly rural and even agrarian lifestyles of people make the application of this
moderate poverty line less defensible in the case of these low-income countries. But the fact that more than two in three people from this group of countries still lack an annual income of $1,168 (2011 PPP) speaks volumes about the progress made in improving the living conditions in this increasingly globalized and interconnected world.

Despite significant variations, much of which is not even captured in the summary statistics presented here, one consistent message has been that poverty has actually declined over time. A part of this progress is due to the deeper levels of marketization and commoditization, in which previously unaccountable goods and services are now included in the national income accounts. Owner-occupied housing, meals prepared at home, babysitting, and even professionalization of social, cultural, and religious activities are a few examples in which the process of development as well as measurement has helped elevate household income or consumption, further reducing poverty. A part of the progress, moreover, has been due to increasing policy supports in the form of aid to the poor and marginalized groups. The model of providing food and other general and targeted assistance to struggling families adopted in high-income countries has now been embraced in middle- and low-income countries at various scales and magnitudes (ILO, 2014, 2017). It is, therefore, important to recognize the role of various policy interventions in reducing poverty throughout the world.

Sources: World Bank (2022); https://pip.worldbank.org

Figure 1.1 Poverty headcount ratios (%) at $1.90 and $3.20 (2011 PPP)
This may not be the case with economic inequality, however. As the limited data from the World Inequality Lab (2022) presented in Figure 1.2 indicate, for example, there is a consistent pattern over time, in which economic inequality declined from the 1950s and started to shoot back up from the 1980s. Data limitations are noteworthy here since much of the world and especially developing countries lacked inequality data especially for periods prior to the 1980s, with any sparsely available data since pointing to an increasing and then perhaps stabilizing trend when measured as the top 1 percent’s share of pre-tax income and net wealth. The distribution of net wealth is very limited with similar trends applying to Germany and the United States, even though the latter has seen much greater levels and further increases since the 1960s. But the pre-tax income shares group so well for not just high-income countries but China as well, painting an aggregate picture of rapidly rising inequality which may have stabilized since the 2008 Great Recession—South Africa’s continuous rise in inequality may have been an outlier in this recent trend.

To clarify, what is presented in Panel a (Figure 1.2) captures the case of pre-tax income share of the top 1 percent earners. Other measures of inequality focusing on either the entire distribution of income (such as in the Gini index) or the share of other sections of the population (such as the shares of the top 10 or bottom 40 percent) may change the outlook as the focus on the top 1 percent may have also amplified the degree of inequality. While consistency of measurement over time is what is important here, the use of after-tax income shares would yield a more accurate comparative picture. This is where the data compiled from other sources indicate smaller scales, and yet largely similar patterns, of inequality not just over time but across countries as well (Atkinson, 2015; Piketty, 2014).

**Figure 1.2** Top 1 percent share of income and net wealth

*Sources:* World Inequality Lab (2022); https://wid.world/world
There may be different forces at play leading to varied trajectories of poverty and inequality. Some of the same forces that lead to a downward trend in poverty may actually help increase inequality. The relentless push to economic liberalization, in which investors, entrepreneurs, risk takers, and high-skilled workers reap the greatest benefits, for example, helps lower poverty by creating opportunities for the masses. Because most of the jobs created in this process may be low skilled and low pay, however, the disparities in economic payoff continue to increase over time. Further mechanization in the industrial, manufacturing, and service processes may further alienate low-income and low-skilled workers, amplifying economic disparities.

These forces of liberalization also require governments to compete for human capital and investment, offering tax breaks, tax cuts, and other incentives to skilled workers, investors, and those already benefiting from the market. The result is declining tax collection, forcing the government to downsize and cut back on the supports and services available to the poor and low-income individuals and families. This mechanism may be at play leading to rising inequality globally as the lower-income sections of the population essentially face a double whammy—declining bargaining power and real wages and declining support systems and services from the government (Bartels, 2008; Piketty, 2014; Reich, 2021).

Beneath these broader trends and explanations are far too many cases of not just countries with unique histories and practices on tackling poverty and income disparities. While poverty becomes rather intractable in low-income countries and inequality, too, is difficult to address when very high, societies have their own ways of dealing with poverty, low income, and marginalization. The cases of failed states, inaction from authoritarian governments, and mass impoverishment due especially to lack of institutional development have also been too many to ignore (Acemoglu & Robinson, 2013; Ghani & Lockhart, 2009). Other urgent political matters such as political instability, violence, religious persecution, and other forms of unrest can also put any efforts to address poverty and inequality on the back burner. What is important at the macro level of countries and regions is to examine the unique features that have either helped or hindered the case of reducing poverty and inequality.

Whatever the structure of governments and their efforts at addressing social problems, one must recognize that beneath these trends and explanations are real people with real lives, who are suffering and unable to escape poverty. The stories go further than just the headcount ratios since the degree of poverty or disadvantage experienced by the human being is often ignored. Not all forms of poverty are the same, neither can the extreme food insecurity, hunger, and malnutrition be lumped together with other forms of poverty (Siddiqui et al., 2020; United Nations, 2015). Extreme food insecurity, for example, can have long-term consequences for a young individual’s life that go well beyond one’s inability to participate in the lifestyles considered customary in a given society.

Researchers and policymakers, therefore, need to do a better job at understanding the different forms of suffering that poverty and inequality can bring in different countries and parts of the world. Many of the chapters included in this volume seek to tease out some of these qualitative questions. No doubt, some of the prevailing narratives have been to let the free-market system sort out the risks and benefits so that there are necessarily winners and losers. The system, in this sense, is functioning well even if economic inequality has increased, promoting the culture of personal responsibility, hard work, and independence, the lack of which can prevent some from being able to secure economic well-being for themselves and their families (Herrnstein & Murray, 1996; Mead, 1993). This narrative, however, misses
the point that low well-being manifested by depressed productivity and human capital of a large section of the population can be deleterious to economic growth directly and a prosperous society in the end (Reich, 2021; Stiglitz, 2012). While the extreme poverty referred to at the global scale is mostly foreign to high-income societies, the experience of living in an unequal world gives them both instrumental and intrinsic reasons to care for those beyond their own borders, especially in today’s context of high mobility and global interconnections (Atkinson, 2019; Hume, 2016).

For the research enterprise, the point is not just to understand what it is like for societies as well as the poor and disadvantaged people but to bring to light how different factors, policies, or programs have either lessened or exacerbated their socioeconomic struggle. In the aggregate, however, questions about the nature of poverty and inequality and ways to mitigate them remain for researchers and policymakers so that the resulting policies and programs can be more informed, accurate, and effective. This is precisely the kind of value the contributions in this Handbook seek to offer by bringing in cases and examples from around the world.

CONCEPTUAL AND CONTEXTUAL ISSUES

Comparison of poverty and inequality statistics over time in a given society or at a given time across societies, or even a combination, can be both convenient and insightful in order to identify statuses and check on progresses and performance. Citing the widely available data, for example, it is convenient to note that the United States has lower rates of poverty than the United Kingdom, which has much lower poverty rates than Uganda. A similar observation applies to inequality, as Spain’s Gini coefficient is greater than that of Sweden and much lower than that of South Africa. The specific statistics cited with these observations, together with how they are changing over time, provide a great deal of insight into the context of poverty and inequality in these countries. This form of comparison is risky, however, for both conceptual and contextual reasons.

Conceptually, poverty and inequality are defined in a variety of ways, invoking different concepts and measurement practices (Atkinson, 2015, 2019; Ravallion, 2016; Wagle, 2008). While both refer to economic resources that individuals and families have access to, determining their welfare and well-being, what actually goes into defining and measuring such resources is not without disagreements.

The case of inequality can be more straightforward to define and measure as an example. Whereas many forms of inequality exist in a modern society, the one that is widely examined is the inequality in distribution of economic resources measured exclusively in monetary terms. This is exactly where which economic resources are used to measure inequality is important since inequality in consumption expenditures runs lower than that in income, which is typically much lower than that in wealth or net worth. Within the practice of using income as a basis, incorporating taxes and transfers can further lower the degree of inequality, something difficult to fully capture even with survey data (Wolf, 2009). Moreover, the highly fluctuating nature of income across the life cycle, especially with its fungibility with other assets, makes a snapshot picture of income distribution rather incomplete. Further complexities arise because of the use of different measures of inequality, as they focus on specific parts of the distribution.
The case of poverty is more complicated not just because what constitutes poverty is conceptually unclear. Whereas using such monetary measures as consumption expenditures and income has historically dominated the practice in poverty measurement, more recent and evolving practices especially in the cross-national context have focused on multidimensional approaches. Even while using consumption or income as the basis, moreover, what is included in the computation and how the poverty thresholds are determined are less than straightforward, with changing the thresholds slightly leading to very different measurement outcomes. Other measures of deprivation, quality of life, or social exclusion are not without challenges centering on what counts and what does not. The multidimensional framework that is receiving momentum internationally faces a similar dilemma especially since there is no limit to what aspect of living should be included and why. Additional complications arise when it comes to offering measures that are as intuitively appealing as poverty headcount, depth, and severity as in the case of monetary poverty (Ravallion, 2016; Wagle, 2008).

Contextually, poverty and inequality statistics refer to specific economic, social, and political settings that make comparisons rather unwarranted. These settings are important since they either support or limit the way individuals and families encounter institutions and determine their own welfare (Bartels, 2008; Stone, 2011). Economic settings, for example, go beyond variations in price levels since the nature of the market, economic regulations and relationships, minimum wages, job protections, and the depth of integration into the market contextualize the value of monetary resources in a given society. Social settings defining values and norms around the individual, family, gender, class, work, education, prestige, and community also impact how economic as well as societal resources are generated and utilized in maximizing welfare. Political settings have a special role to play as they define memberships, rights, and access to a variety of policy resources such as infrastructure, public goods, taxes and transfer, and even opportunities.

These contextual differences have led to poverty measurement exercises that are specific to given countries or even such divisions as urban and rural communities, states or provinces, or regions. The focus on taxes and transfer as well as the access to goods and services such as healthcare, drinking water, electricity, and sanitation have helped incorporate elements of well-being that are unique to a given population (Alkire & Foster, 2011; Atkinson, 2019; Canberra Group, 2001; Citro & Michael, 1995). The development toward applying multidimensional approaches has helped to triangulate the degree of one’s well-being by applying indicators that capture different facets of life and living for a given individual or family (Alkire & Foster, 2011; UNDP, 2020; Wagle, 2008).

Even with these attempts, however, the specific contexts and environments that have a role in determining well-being are missing when it comes to comparisons across societies. Whereas education, healthcare, transportation, and other basic services are an absolute necessity of a modern lifestyle, variations in practice with regard to including their access as well as the costs associated with them make cross-national comparisons rather inconsistent. Since these modern amenities or necessities are not included in poverty measurement, the very idea of well-being cannot be compared across societies. It is not logical to compare poverty and inequality statistics between two societies or communities, for example, when in fact one provides education, healthcare, transportation, or other basic services free of charge and the other does not. The quality of access to such basic services as roads, electricity, and drinking water matters more than the access alone since it is often the poor who suffer from inferior access or inferior services, further lowering their well-being. While the multidimensional framework
attempts to include some of these core elements, their access in some societies and not in others puts those without access at a relative disadvantage.

The purpose here is to discuss limitations of the current practice in definition, measurement, and analysis. No doubt, there are attempts to address these limitations in order to create a framework for cross-national comparisons. Until such a comprehensive framework is developed and adopted widely, however, it is important to recognize the limitations of any attempts at cross-national comparisons assuming that contextual differences do not matter. This observation also goes with the different ways in which poverty and inequality are addressed through policies. It is because of these variations that what works in one context may be difficult to replicate in other contexts. Greater insights, therefore, can come from discussions that appropriately contextualize data and findings, something many individual chapters in this volume are seeking to do.

ORGANIZATION OF THE HANDBOOK

This Handbook provides a comprehensive coverage of the research and analysis on poverty and inequality from around the world. The goal is to provide a unified resource for students, researchers, policymakers, and practitioners with the insights needed to understand and analyze poverty and inequality and follow global developments in their analysis and policy and programmatic efforts at reducing them.

This Handbook is organized into three thematic parts. It includes 27 chapters written by accomplished academics, researchers, and policy analysts using data and insights from a number of countries and regions from the Americas, Asia, Africa, Europe, and the Middle East. In what follows is a synopsis of the three parts and their contents. The final chapter (Chapter 27) concludes with some thoughts on policy implications and further research.

Part I: Conceptual and Operational Frameworks

The five chapters included in this part focus on the conceptual and theoretical aspects of poverty and inequality. Each chapter takes on the different ways in which poverty and inequality have been conceptualized, discussing the applicable theoretical and operational frameworks and justifications. Chapter 2 discusses the evolving conceptual context of poverty in which its measurement has moved from the narrower focus on such monetary measures as consumption or income to deprivation, quality of life, and other multidimensional frameworks. Albeit seemingly straightforward, these monetary measures invoke complexities of their own because of the unavailability of records, inaccurate records, informal accounting, use of assets or credit to fund consumption, and the impact of taxes and transfers that are difficult to measure. More importantly, poverty is seen as a multidimensional construct since non-economic endowments such as education, health, and social inclusion impact how one transforms the available economic resources into well-being. The chapter presents these conceptual developments and explores ways in which different measures are used to obtain insights into the magnitude, shortfall, and nature of poverty.

Focusing on income has been a longstanding practice in measuring poverty in contexts like those of high-income countries where income records are widely available. Debates in this case revolve around using an absolute measure, in which one’s poverty status is relatively
independent of the incomes of others, or a relative measure, in which the poverty status is always linked with the overall income distribution. Delving deeper into this conceptual discourse, Chapter 3 advances the way in which the two poverty measures can be combined for a more hierarchical measurement. Specifically, the proposed “overall” poverty measure incorporates the societal poverty line operationalizing the relative concept and the specific poverty line applicable to individual circumstances, something insightful when comparing societies with heterogeneous income standards as in the case of high- and low-income countries.

One particular strand of the concept of multidimensional poverty focuses on what is called cumulative deprivation. While the multidimensional poverty index applied especially to developing countries focuses on the standard of living, education, and health as its dimensions (Alkire & Foster, 2011; UNDP, 2020), Chapter 4 explores some of the theoretical and operational developments in measuring poverty as cumulative deprivation in the context of high-income countries. Focusing on the relative disadvantages across various indicators of income, health, and housing quality, the chapter demonstrates how individuals suffering from multiple forms of deprivation can be identified by using cumulative deprivation curves and the nature of their suffering can be understood for proper policy insights.

The concept of economic inequality is largely similar to the concept of poverty with a very similar basis or space of measurement. Unlike developments along the various multidimensional frameworks of poverty using deprivation, quality of life, or social exclusion, however, inequality measurement has a consistently narrower concept of economic resources with an explicit focus on the disparities in the distribution of economic capacities. Chapter 5 surveys developments in these conceptual and operational issues of inequality measurement. More specifically, the chapter introduces the concept of economic inequality, discusses the different spaces applied to measure inequality, and presents key theoretical concepts and applications of the various measures of inequality.

The final chapter in this part, Chapter 6, discusses how the use of traditional income or consumption-based measures does not fully capture the gendered nature of poverty, in which single mothers and women in marginalized racial, ethnic, or religious groups become particularly vulnerable. Drawing on the contributions of feminist analysis of poverty and gender inequality, the chapter demonstrates how “feminization of poverty” occurs through such mechanisms as unpaid work and social reproduction, gendered division of paid work, redefinition of economic well-being, and implications of family structure and resource sharing within households.

Part II: Measurement and Analysis

This part includes 11 chapters focusing on the measurement and analysis of poverty and inequality. Covering both comparative analyses and a wide variety of country-specific cases and experiences, this part explores how the application of different measurement frameworks has led to unique insights into poverty and inequality in different contexts. Authors apply diverse perspectives and data sources to shed light on the magnitude and nature of poverty and inequality and their variations in low-, middle-, and high-income countries and their cross-sections at the regional or global level.

Using the frameworks of correlation sensitive poverty and multidimensional poverty, Chapter 7 assesses gender disparities in poverty for 76 low- and middle-income countries, with findings suggesting that female poverty, on average, is about 80 percent higher than male
poverty. Two regions in particular—the Middle East and North Africa and South Asia—have the highest gender disparities, with women facing consistently the greatest deprivation in employment. Chapter 8 explores the trends in multidimensional poverty in Latin American countries, finding that improvements across a wide range of dimensions have led to a consistent reduction in poverty in the last two decades. Some of the poorest countries in the region have halved their multidimensional poverty incidence with rapid reductions in acute or extreme poverty. Chapter 9 explores the impact of the application of widely varying multidimensional frameworks in measuring poverty in the United States. The use of different methodologies to common data from the 2008–2019 American Community Survey yields large differences in poverty incidence, with lesser variations in the average intensity of deprivation. This meticulous analysis shows that specific methodological choices, such as indicators and dimensions, their grouping, and weighting, drive the measurement outcomes. Chapter 10 shows how the official, income-based poverty line does not capture the multiple dimensions of deprivation in Hong Kong given high living expenses, poor living conditions, and widespread perceptions of poverty. The chapter explores how the application of multidimensional poverty frameworks such as housing poverty, multiple deprivation, social exclusion, and subjective perceptions of poverty would lead to outcomes that, albeit comparable in some cases, provide insights needed to guide policy actions.

Chapter 11 surveys definitions of the middle class and develops and applies a multi-layered schema of social stratification to identify one’s middle-class position by incorporating the unequal chances of social mobility across the chronic and transient poor, vulnerable, middle class, and elites. The application using data from South Africa suggests a little over one-fifth of the population to be in the middle class, with employment status and security being the primary determinants. Chapter 12 explores multidimensional poverty across the Indian states using data from the 2005–2006 and 2015–2016 rounds of the National Family Health Survey. There has been general progress toward reducing poverty across states, with the relatively more deprived states observing greater reduction over time. The insights that growth and structural changes in income, human capital formation, infrastructure development, and development expenditures play a crucial role in reducing vulnerabilities in education, health, and standards of living, helping to rethink antipoverty policies in this second most populous nation on earth.

Chapter 13 provides a synopsis of global inequality by using the between-groups component of Theil’s T statistic. It summarizes the conceptual and operational justifications in developing and using a large body of data available from Estimates of Household Income Inequality, which allows broad international and historical comparisons. Findings suggest that inequalities rose as part of a consistent global pattern from 1980 due to broader macro-economic patterns, financial crises, and neoliberal policy regimes. In the context of ongoing demographic changes including in age composition, number of singles, education, and assortative mating, Chapter 14 examines economic inequality between 2006 and 2019 across 30 EU member countries. Whereas disparities in the distribution of income after taxes and transfer decreased slightly on average, a decomposition analysis suggests a limited role of the demographic changes. Findings on the drivers of these marginal changes point to the role of policy changes in taxes and transfers (governmental impact), together with changes in the market economy (private sector impact).

Chapter 15 examines the role of social capital such as socializing activities, types of social networks, and trust in determining the opportunities for employment and income in the
Middle East and North Africa region. Application of the probabilistic Bayesian-clustering and ordered-probability regressions shows socializing to be associated with creative occupations, social networks with autonomous but less creative jobs, and trust with routine jobs. Findings suggest creative jobs promoted by the Fourth Industrial Revolution favor socializing workers with limited social networks and trust. Intimate partner violence (IPV), which is widely prevalent among the poor and marginalized groups, is the focus of Chapter 16. Whereas IPV impedes women from achieving equality in income, opportunity, health, and social standing, the chapter explores the degree of IPV and its determinants among women aged 15–49 years of age in Nepal. The findings that low education and alcohol use of husbands, Muslim region, Janajati and Dalit ethnicities, low economic status, and the history of violence among parents are associated with higher likelihood of IPV have important policy implications for Nepal and beyond. The final chapter in Part II, Chapter 17, examines the dynamics of poverty and inequality in Honduras and Chile. Using new metrics of multidimensional poverty and inequality for the past three decades, it explains how the diverging trends of progress in Chile and failure in Honduras have been a result of the emphasis of respective governments on neoliberal and redistributive policies.

Part III: Policy Applications and Outcomes

This part explores the variety of policy interventions and initiatives and their impacts on reducing poverty and inequality. It includes nine chapters covering research and analysis on the impact of social and economic policies as well as the linkage with energy use, migration, and disabilities. The impact of social and economic policies is highly context-specific as the policies themselves involve social choice emanating from political processes. But the policy choices made at one time typically lead to path dependence, guiding future choices and policies (Pierson, 1994; Torfing, 2009). In this vein, the purpose here is to take stock of the developments in social and economic policies and juxtapose them with the outcomes with regard to reducing poverty and inequality. Moreover, the chapters focusing on the linkage with energy use, migration, and disabilities speak for the larger context of the disadvantage and vulnerabilities experienced by low-income and marginalized sections, especially in developing countries.

One of the most direct ways poverty and inequality have been targeted in modern societies has been through welfare state or social protection policies, with various social insurance and assistance programs designed to reduce vulnerabilities. Chapter 18 examines the extent to which these social protection policies have helped reduce poverty and inequality globally. Applying the differential analysis technique, it finds a qualified efficacy of social protection expenditures in reducing poverty, especially in upper-middle-income countries and for the period since 2005, something not supported in the case of inequality. Underlying this broader observation are unique country experiences in which those with the most poverty and inequality do not even have the capacity to invest in addressing the problems in the first place. Chapter 19 takes stock of the emerging trends in social assistance policies and programs in low- and middle-income countries and assesses their effectiveness in reducing poverty. The many social programs of this nature, for example, include pure income transfers, conditional income transfers, employment guarantees, and integrated antipoverty transfers, of which the first and second are the most widely used across almost all countries and regions. These programs have been particularly effective at reducing the poverty gap, especially among those
experiencing the greatest disadvantage as well as improving the outcomes on health status, schooling, and employment. In the context of a diverse mix of taxes and transfers as a part of the welfare state policies since 2010, Chapter 20 assesses their impact on reducing poverty and inequality across Europe. The changes in poverty and inequality were relatively small between 2010 and 2020 across the six different welfare state types—Baltic, Continental, Eastern European, Liberal, Nordic, and Southern European. Interesting patterns emerge, however, in which some groups experienced increases in both poverty and inequality, whereas others witnessed increases in poverty or inequality only, calling for contextual explanations going beyond changes in the welfare state alone.

Focusing on the country-level analysis, Chapter 21 attempts to explain the fluctuating rates of poverty during the past three decades in Mexico. While the generally positive rates of economic growth as well as growth in many social assistance programs have helped lower food poverty, the rate of poverty in general has remained unchanged. Although the period witnessed improvements in income distribution, the inadequacy of resources as well as the inconsistency in the design and implementation of antipoverty programs limited the progress toward reducing poverty. The nexus among economic growth, poverty, and inequality is the focus of Chapter 22, which uses the experiences of Vietnam as a case study. Findings suggest that while growth was generally pro-poor, the income gaps further widened during the period of 2012–2016. While the National Pro-poor Targeted Programs were somewhat effective, challenges remain for the country with regard to maintaining high economic growth and further reduction in poverty and inequality. Chapter 23 explores the role of microfinance in poverty reduction in Bangladesh. Reporting on participatory research at four leading microfinance institutions, findings highlight the coercive strategies adopted by the lenders with the use of kinship, gender and social norms, culture of shame, and threat and expulsions as repayment mechanisms among the poor and marginalized borrowers. Albeit widely touted as an effective antipoverty program, this chapter shows that behind such an outlook of microfinance are practices that cause mental stress, low self-esteem, and gender-based humiliation, violence, and subordination among the borrowers.

The connection of poverty and inequality with other forms of disadvantage begins with the case of energy use in Chapter 24. Using household survey data, the chapter examines how economic capacities deepen the gulf between urban and rural areas in terms of such a basic utility as energy use in Ghana. While households with greater income spend more on fuel, urban households also have a tendency to consume more expensive forms of modern fuel such as electricity and gas, suggesting the need for targeted subsidies and income support for the rural poor. Chapter 25 discusses the role of migration on development and poverty alleviation by surveying the literature on economic and social remittances, brain drain, and return migration as possible mechanisms. The chapter makes an argument that an integral part of this effect is the neoliberal element, which shifts the focus from government actions and policies to individual migrants as the agents of change. The connection of poverty and disadvantage with disability is the focus of Chapter 26 as it explores how disabled individuals and their families are impacted by the reduction in income resulting from both disability and its associated caregiving needs. The two critical factors in measuring the additional costs borne by those with a disability include how disability status is operationalized and how the costs are measured, with the goods-and-services-used model underestimating costs due to income constraints and the goods-and-services-required model potentially ignoring substitutable goods
and services in place of access. The chapter surveys literature on these methods and highlights areas of potential improvement in application.

REFERENCES


