

# INTL 102: World Poverty

Heidi McNamara

University of California, San Diego

*h1hall@ucsd.edu*

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# Short Answer

Explain this plot:

Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)



Note: The vertical axis shows the percentage change in real income, measured in constant international dollars. The horizontal axis shows the percentile position in the global income distribution. The percentile positions run from 5 to 95, in increments of five, while the top 5% are divided into two groups: the top 1%, and those between 95<sup>th</sup> and 99<sup>th</sup> percentiles.

# Reminders

Assignment #2 due next week in section.

Reading essays due in section (staggered based on when you signed up) AND on Turnitin.com (via TED).

Change in Office Hours next week: THURSDAY 9-10:45 in SSB 343.

Section slides available on my website: [heidimcnamara.com](http://heidimcnamara.com)

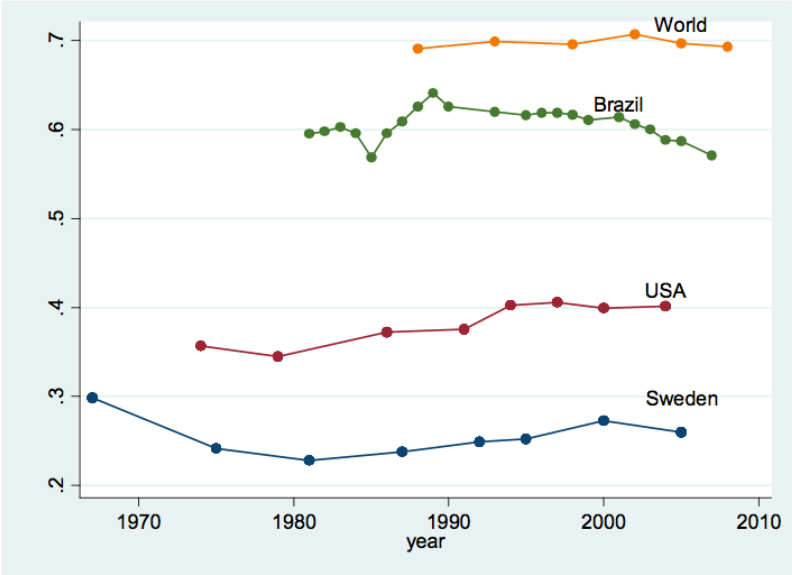
## Follow up on last week

What is microfinance and how does it impact the lives of the poor in developing countries?

Why have MFIs been successful in offering (somewhat) lower interest rates to the poor? How can they do this?

# Global Gini Coefficients

Figure 3. Global Gini coefficient compared to the Ginis of selected countries



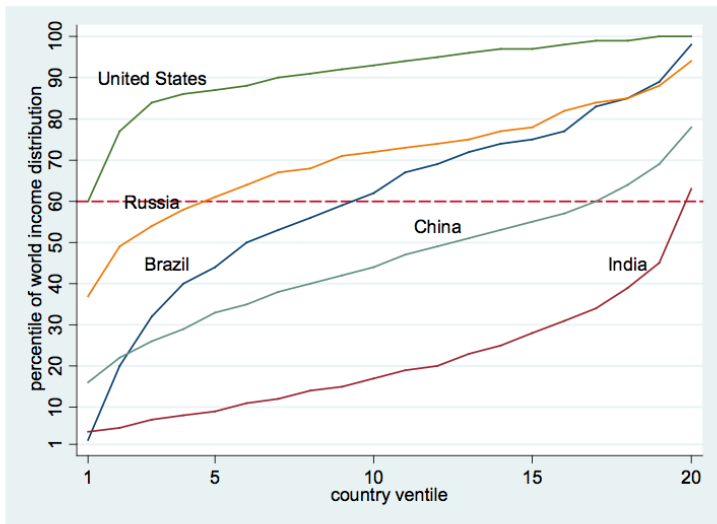
# What determines your income?

Figure 6. A Non-Marxian world:  
Level and composition of global inequality in the 19<sup>th</sup> century and around year 2000  
(measured by the Theil index)



# Income Distributions

Figure 7. Different countries and income classes in global income distribution, 2005



Note: The line drawn at  $y=60$  shows the global position of the poorest 5% of the US population.

# Where do you sit?

## Global Rich List



# Convergence

In terms of income, the world is clearly *diverging*, but in many ways we are *converging* (Kenny 2005).

What are some of the ways Kenny talks about the global community converging?

Which is more important—that incomes are diverging or that these other factors are converging?

# Poverty Traps (Collier)

Why do poor countries get stuck? Why are these “traps” so sticky?

*Hint: Each Collier chapter talked about a different way of getting stuck, so you should be able to come up with at least four.*

## Reassessment: What is the Problem?

Now that you know a few more specifics of the challenges those in poverty face—what do you believe is the real problem that should be addressed?

Poverty? Inequality? Inequality of access to resources and financial tools?

What should we do about it?