The Dynamics of Poverty, Inequality and Economic Well-being: African Economic Growth in Comparative Perspective

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Abstract
Two hundred and fifty million Africans (about 45% of the population) are poor. In rural areas, where most Africans live, there is, alas, a 'poor majority'. Rural poverty rates range from 37% in Madagascar and 41% in Kenya to 88% in Zambia and 94% in Ghana (Table 1).

It is hard to imagine an issue in development economics that is of greater importance to humankind than the effects of economic growth on poverty and economic well-being. Yet there is remarkably little consensus on this vitally important issue, as illustrated by the following two polar positions:

- New patterns of growth will need to be developed and sustained well into the 21st century - to prevent ever more extreme imbalances and inequalities in the world economy. (United Nations, 1996, p. 8)
- In the extreme, the inequality of income may worsen fast enough at the outset of economic growth for poverty to increase; growth would be "immiserizing". . . . . There is no case in which the effect of growth is offset by changes in inequality (contrary to the immiserizing growth hypothesis.) In short, growth reduces poverty. [Emphasis added.] (World Bank, 1990, pp. 46-7)

This paper provides a fresh look at these issues with particular reference to Africa. In so doing, the methodologies for analyzing changing income distribution in the course of economic growth are introduced. Data and methods are analyzed in much greater depth in Fields (2000), to which the interested reader is referred.