

Making cents, not dollars

It is tempting, as the 2015 target date for the Millennium Development Goals (MDGs) creeps relentlessly closer, to take stock of our chances of actually meeting them. Most experts paint a mixed picture. The consensus is that while there has been a good deal of progress in many areas, especially in Asia, Africa's outlook has worsened considerably. The Four Horsemen of the Apocalypse, it seems, are still rampaging on the dark continent. The UN's 2008 MDG Report found that 'little progress was made in reducing extreme poverty in sub-Saharan Africa.' Its troubled history, challenging geophysical conditions and countless governance problems seem to conspire to push Africans into ever more hopeless poverty. Right?

'Wrong,' say two economists who have scrutinized income and inequality figures for all African countries from 1970 to 2006. Maxim Pinkovskiy and Xavier Sala-i-Martin have compiled a time line based on this data. The overall picture that emerges is surprising – and gives us food for thought. They found that poverty and inequality have been falling steadily in Africa since 1995, and income has been rising rapidly. In 1990, they say, about 42% of sub-Saharan Africans were living below the poverty line. By 2006, this had fallen to 32%.

The welfare index devised by Nobel laureate in economics Amartya Sen, and which combines per capita income with an income equality index, jumped up by more than 20% over the same period. Projecting these trends into the near future suggests, according to Pinkovskiy and Sala-i-Martin, that Africa will actually meet the MDGs, albeit perhaps a year or two behind schedule.

Many readers will question these findings, which stand in sharp contrast to the standard image presented by the media. Surely there are a number of reasons that might explain what appears to defy common sense. There must be large discrepancies across and within countries, readers will suggest. The rising price of natural resources has helped mineral-rich countries, and this has artificially raised their incomes, they may argue. The differences between coastal countries and landlocked ones have skewed the balance, they will reason.

By **Erwin Bulte**, professor of economics at Wageningen University and Tilburg University, the Netherlands. Bulte is also research fellow at the University of Cambridge and an advisor to the United Nations Food and Agriculture Organization.



Reuters / David Gray

African silver lining

Pinkovskiy's and Sala-i-Martin's surprising answer to all these hypotheses is 'no' – the geography and history of the poor 'have not posed insurmountable obstacles to poverty reduction.' The disaggregated results suggest a consistent pattern, namely that poverty is falling rapidly across the board in Africa. The only exception is the Democratic Republic of the Congo, which has experienced falling incomes and worsening poverty since 1990. However, if peace could be restored there to allow economic growth to jump to the African average, then Africa would meet the MDGs in 2013 – an amazing two years ahead of schedule.

Of course, it is possible to rain on Pinkovskiy's and Sala-i-Martin's parade. Maybe we should be looking at consumption data rather than at shaky income statistics to gauge changes in poverty. And we also need to consider what influence the global economic crisis will have on these cheerful extrapolations. I suspect Pinkovskiy and Sala-i-Martin would shrug at such suggestions, arguing that these considerations will not alter the main gist of their good news.

And perhaps they are right. Casual observation in cities like Kigali and Monrovia certainly supports the impression that development is taking root. But I find it difficult to square these optimistic statistical constructs with my personal observations in *rural* areas – where most poor people (still) live. Per capita income in rural Burundi is counted in cents rather than in dollars. Child mortality in rural Sierra Leone is higher than 25%. Our longitudinal data from rural Kenya suggest that poverty is getting worse, not better. If this is what it means to be 'on track' with the MDGs, then perhaps these objectives were not ambitious enough.

I suspect some will use Pinkovskiy's and Sala-i-Martin's good news as an excuse to scale down international efforts to reduce poverty. It seems a little early for that. ■