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WIDER Working Paper 2016/34

## **The world's two new middles**

Growth, precarity, structural change, and the limitations of the special case

Andy Sumner\*

April 2016

**Abstract:** This paper discusses the emergence of two new middles since the Cold War, namely middle-income countries and people living above absolute poverty but below a security-from-poverty-line. The paper sets out what has happened. It is argued that although there has been substantial economic growth, only a relatively small group of the new middle-income countries have achieved structural transformation, and a large proportion of the ‘middle’ people sit precariously just above the new global poverty line. The patterns of growth, precarity, and structural change underlying the emergence of the world’s two middles are discussed.

**Keywords:** growth, inequality, middle-income countries, poverty

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## 1 Introduction

In a seminal paper, Dudley Seers (1963) argued that developed countries look different.<sup>1</sup> The development of the ‘First World’ or advanced/industrial countries was itself a ‘highly special case’ and not a general one that could simply be reproduced. Seers (1963) outlined that ‘special case’ in discussing the characteristics of developed nations, and their divergence from the characteristics of developing countries. The developed industrial economies, he argued are:

by no means typical. Viewed from the point of view of either history or geography, it is an extremely rare case, and obviously so. There have been only a few such economies for a few decades; even now they cover only quite a small fraction of [hu]mankind ... [t]he typical case is a largely unindustrialised economy, the foreign trade of which consists essentially in selling primary products for manufactures. There are about 100 identifiable economies of this sort, covering the great majority of the world’s population. (1963: 79–80)

The characteristics set out by Seers of the ‘special case’ remain an enduring set of features as to what defines an advanced economy. In terms of structural change of the economy and foreign trade and other matters, Seers (1963: 81–3) identified the following list (only summarized here) to demonstrate how one might differentiate developed nations from developing nations: by factors of production (a literate and mobile labour force who are mostly in employment; substantial quantities of skilled labour; most available land cultivated; all sectors heavily capitalized, with spare capacity; comprehensive transport and power systems; a favourable climate for enterprise; firm legal basis for companies); by sectors of the economy (e.g. agriculture wholly commercial; mining of limited size; manufacturing diversified and much larger than either agriculture or mining); by public finance (e.g. reliance on direct taxes; tax laws enforceable; big outlays on social security and agricultural subsidies); by foreign trade (exports that have a large internal market and are sold to many countries with high price and income elasticities; imports largely of primary products and income elasticity of demand not high); by household consumption (e.g. very few people below subsistence level and a moderately equal distribution of income post-tax; food not the overwhelming majority of household expenditure); by savings and investment (e.g. well-developed financial intermediaries; significant personal savings and high investment); and by ‘dynamic influences’ (no chronic tendency to deficits; slow population growth and high urbanization).<sup>2</sup>

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<sup>1</sup> In a little more detail: Seers (1963) began with a discussion of the Kuhnian process of normal science with reference to economics (arguing that it is the death of specific academics that is largely the revolution point for new ideas in economics). His critique was that economics is built to study industrial economies and their characteristics and laws as though those characteristics and laws were universal, and that developing economies, Seers argued, have quite different characteristics. He argued that ‘it is inherently implausible that a “general theory”, or even propositions of any generality, can be derived from the experiences of a few countries with highly unusual, not to say peculiar characteristics ... [of] what is a highly special case’ (1963: 80). He argued that what is needed is a ‘Keynes’ to reconstruct development economics. He argued that economics pays too little attention to the role of the export sector and that developing countries cannot be understood without reference to the global economy, and how the public sector automatically compensates for fluctuations in the private economy in industrial economies, which is much harder or impossible for developing countries. Finally, he posited that, given that geographical and racial or religious barriers may seal off parts of the nation, national averages may have little meaning.

<sup>2</sup> More recently, resonating with Seers, Pritchett et al. put it thus:

When people speak of the ‘development’ of societies most people refer, implicitly or explicitly, to a cumulative historical process whereby economies grow through enhanced productivity, prevailing political systems represent the aggregate preferences of citizens, rights and opportunities are

Seers was writing 50 years ago. Since then there has been industrialization and manufacturing export-led growth, notably across East and Southeast Asia, though the causes and consequences remain contentious.<sup>3</sup> Furthermore, since the end of the Cold War, just under 40 countries have transitioned from low-income to middle-income country (MIC) status, and almost as few as 30 low-income countries (LICs) remain. Global poverty at the new global poverty lines of US\$1.90 and US\$3.10 has fallen drastically. At the same time, the distribution of the world's countries and the world's people that resembled what Quah (1996) called the 'twin peaks' of a polarized world, with a hump at the poorer end and a hump at the upper end and weak prospects for convergence of the poorer group with the richer group, is less stark. One change in the developing world since the end of the Cold War is the transition from that twin peaks world of a poorer peak (what was the 'Third World') and a richer peak to what might be labelled as the 'new middles' (or twin middles) of countries and people of the contemporary world. The first 'middle' is that of countries, and is the expansion of the number officially classified by the World Bank as MICs. The second middle is the burgeoning group of people who consume at levels above the new global poverty line of US\$1.90 per day but many of whom are still well below consumption lines associated with a permanent escape from poverty in longitudinal studies.<sup>4</sup> Of course the framing here is one of income and monetary consumption per capita and, as is well known, Seers also wrote eloquently on the limitations of these as measures of development or progress (Seers 1969, 1972). In fact, Seers (1969), in 'The Meaning of Development', was instrumental in reorienting the debate in the literature away from relying solely on gross domestic product (GDP) per capita growth and towards asking deeper questions about trends in poverty, inequality, and unemployment:

The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? ... If one or two of these central problems have been growing worse ... it would be strange to call the result 'development', even if per capita income has soared. (Seers 1969: 24)

The primary thesis of this paper is that the new middles or 'twin middles' generated by economic growth since the Cold War points towards the contemporary relevance of Seers in the sense that only a relatively small group of countries has at least got somewhat closer to the 'special case' characteristics since the Cold War. The paper is structured as follows: Sections 2 and 3 discuss the transition from a twin peaks to a new middles world. Section 4 discusses patterns of growth, precarity, and structural change in the new MICs, raising a set of questions for future research. Section 5 concludes.

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extended to all social groups, and organizations function according to meritocratic standards and professional norms (thereby becoming capable of administering larger numbers of more complex tasks). A given society undergoes a four-fold transformation in its functional capacity to manage its economy, polity, society and public administration, becoming, in time, developed. (2010: 3–4)

<sup>3</sup> See, for discussion on Northeast Asia: Amsden (1989), Boyer et al. (2012), Wade (1990), Walter and Zhang (2014). On Southeast Asia see: Alavi (2006), Dick (2002), Dixon (1998), Doner (2009), Hill (2002 2012), Kian Wie (2012), Robison (2008).

<sup>4</sup> Relatedly, a series of papers and books since 2010 have discussed these questions which relate to the shifting location or 'geography' of global poverty from low- to middle-income countries. This shift has implications for debates on the future of aid, its allocation, and purpose (see for discussion Glennie 2011; Herbert 2012; Kanbur and Sumner 2012; Keeley 2012; Koch 2015; Lundsgaarde 2012; Ottersen et al. 2014; Poke and Whitman 2011), and the continued relevance of the country classification categories that are used in debates over aid allocations and more generally (see for discussion Alonso 2012; Alonso et al. 2014; Madrueno-Aguilar 2016; Tezanos and Sumner 2013, 2015). More fundamentally, there are questions about whether the shift implies a need to revisit theories of the causes of global poverty (see for related discussions Haddad 2012, 2014; Sumner 2010, 2012, 2016).

## 2 The first new middle: heterogeneous MICs versus homogeneous LICs

The first new middle of countries relates to the burgeoning number of countries no longer stuck at the bottom. One quantification of this is those countries officially classified by the World Bank as MICs. Figure 1 shows the number of low-, lower middle-, upper middle-, and high-income countries (respectively, LICs, lower MICs [LMICs], upper middle-income countries [UMICs] and high-income countries [HICs]), from 1987 when World Bank classification began based on gross national income (GNI) Atlas per capita in 1985 (classification is two years after data) to 2013 (the most current, as classification is based on GNI Atlas per capita from two years prior). Figure 2 shows the developing countries in 2012 GNI per capita with plots proportional to population of countries.

Figure 1 shows the decline in the number of LICs (less than US\$1,045 GNI Atlas per capita in 2013) notably since about 2000, prior to which the number of LICs had been rising (partly due to the transition/economic collapse post-Cold War in Eastern Europe and the former Soviet Union). The number of LICs started to fall drastically over the 2000s to about 30 LICs today. The number of HICs (which are countries with more than US\$12,735 GNI Atlas per capita in 2013) has doubled from about 40 in 1990 to about 80 in 2013. At this point one could simply dismiss all of this as a set of arbitrary lines, as indeed one could do with the declines in global poverty. However, as in need of review as the LIC/MIC/HIC lines are, they do have symbolic meaning in terms of greater policy freedom in terms of access to non-aid finance in private capital markets (in contrast to donor conditionality). As crude as the lines are, they are, in the broadest sense, an aggregation of other development indicators, in that cluster analysis (Tezanos and Sumner 2016) places all the remaining LICs in one homogeneous cluster. In contrast, without a doubt the MICs are a heterogeneous group of countries, which is not surprising given that their average income ranges currently from approximately US\$1,000 to US\$4,000 for lower MICs and US\$4,000 to US\$12,000 per capita for upper MICs.

In fact one justification for the continued use of the lines is that the remaining LICs are now relatively homogeneous in terms of their structural economic characteristics and a shared (weak) recent growth history, and almost all are members of the UN grouping of least developed countries (LDCs). The new MICs, in contrast, are heterogeneous. They include many fast-growing 'emerging economies', where growth with structural change is evident, such as China, India, Pakistan, Nigeria, Indonesia, Bangladesh, and Viet Nam. Many of these populous countries are home to a large proportion of the world's absolute poor (hence the discussion of poverty in MICs in Sumner 2010, 2012, 2016). There are some countries, formerly planned economies, which are 'bounce-back' new MICs, that experienced economic collapse and have grown back since to MIC levels (e.g. Albania and Ukraine). There are also some islands and countries with a population of less than 10 million (e.g. Mongolia, Nicaragua, and Bhutan).

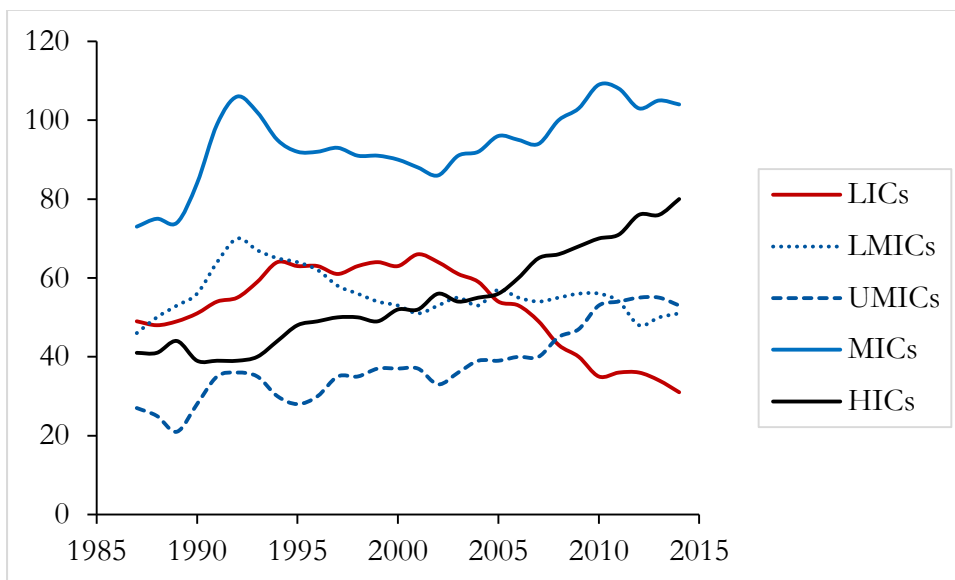
The remaining LICs had a total population of about 600 million people (in 2013), far fewer than the 'bottom billion' in total population associated with the poorest countries (drawing upon the label of Collier 2007). The most populous remaining LICs are Ethiopia (95 million), the Republic of Congo (70 million), Tanzania (50 million), and Uganda (40 million). Beyond these countries, the remaining LICs are largely small or very small countries (meaning, respectively, fewer than 10 million people or fewer than 1 million people).

To make some fairly self-evident observations: as noted above, these lines for LICs/MICs (and poor/non-poor people) are all constructs and a function of where the lines are drawn. They are 'middles' only in relation to what is above and below them. And if you move the line you change their absolute sizes in terms of numbers of countries or people (in the same way moving a poverty line does). The discussion of the new middles in this paper is not seeking to focus on

precise numbers of countries and people in each ‘band’ of income or consumption (although these are noted). Rather, the argument overall is the shift from the late 1980s of a world of poor people in poor countries and (relatively) better off people in Organisation for Economic Co-operation and Development (OECD) countries towards a world with many more people between destitution of some kind and insecurity.

If we consider the sensitivity of the country thresholds, whether revising or updating the LIC/MIC threshold would make a difference would depend on by how much the line was revised. Nigeria, India, and Pakistan had experienced a rise in their GNI per capita by 2013 to US\$2,700, US\$1,600, and US\$1,400 GNI per capita respectively (and US\$5,400, US\$5,200, and US\$4,500 in GDP PPP [purchasing power parity] per capita), which is substantially above the US\$1,045 GNI per capita threshold. One would need to at least double (or triple) the LIC/MIC threshold to make much of a difference, as that would push India (and Nigeria) back under the threshold. One would need to increase by fourfold or sixfold the threshold to bring Indonesia and China respectively back into the LIC group of countries. The one exception is the very new MIC, Bangladesh, which was reclassified in 2015.

Figure 1: Number of LICs, MICs, and HICs, 1987–2015



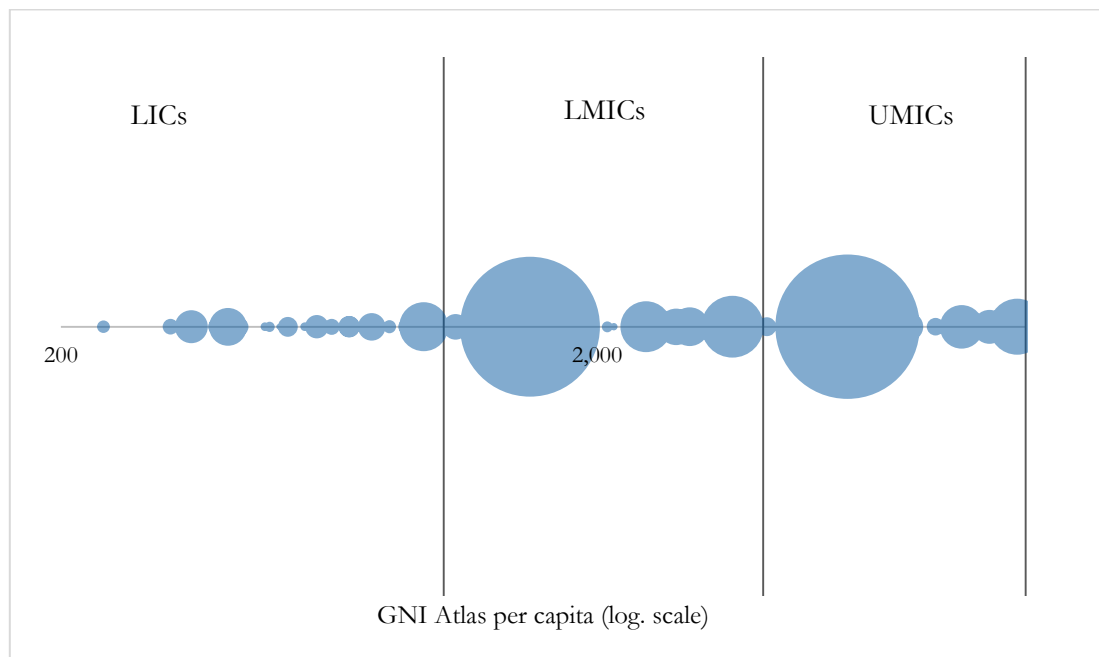
Source: Data processed from World Bank (2015a).

If one wants to consider a logic for setting lines then a range of questions arise about the current setting of the thresholds and the classification by income needs a substantial review, given it was established in the late 1980s (see discussion in Sumner 2010, 2012, 2016).<sup>5</sup> Not least that it ought to be in US\$PPP with the large caveat that PPPs for the poorest countries are the subject of considerable contention, but that would at least make comparisons over time and across countries stronger in theory (see discussion in Edward and Sumner 2014). More importantly, multi-dimensional approaches to clustering developing countries by more than income per capita suggest that, as is well known, and as Seers and many others have argued, income per capita is

<sup>5</sup> The Atlas method takes GNI in national currency and converts it to US\$ using the three-year average of exchange rates. It takes the average of a country’s exchange rate for that year and its exchange rates for the two preceding years, adjusted for the difference between national inflation and that of ‘international inflation’ (the weighted average of inflation in the Eurozone, Japan, the United Kingdom, and the US as measured by the change in the International Monetary Fund’s [IMF’s] Special Drawing Rights deflator).

not always a good correlate to other dimensions of development, other than at very low income per capita levels, and there is no unequivocal linear development pathway from a low-income country to a high-income country (see Tezanos and Sumner 2013, 2016). The remaining LICs do, however, largely fall into one clustering of countries, which is that group with the poorest characteristics across numerous economic, social, and political dimensions and, in contrast, the current MICs are much more heterogeneous (see Tezanos and Sumner 2016: 14–17). In short, if one wants a crude classification, then the income per capita country classification used by the World Bank does not do too a bad job in separating the group of increasingly homogeneous very poorest countries from other countries that are growing and are no longer stuck in the group of countries at the bottom.

Figure 2: Developing countries by GNI Atlas per capita (plots proportional to population size), US\$0–US\$10,000, 2012



Source: Data processed from World Bank (2015c).

The current threshold also has both symbolic and real impact. It is seen by many donors and politicians as a symbolic line to cross. It does—in general—lead to greater access to private capital markets; it is—broadly speaking—worth in real terms what it was worth in 1990; LMICs are much better off than the remaining LICs in general (across a range of indicators; see Sumner 2010, 2012).

Most importantly, the aspects that differentiate LMICs now from the remaining LICs are growth prospects and structural economic characteristics. As noted, the remaining LICs are much more homogeneous as a group. Not only do the remaining LICs have weak recent growth history, suggesting weak growth prospects, but they also face the structural economic handicaps that characterize the LDC classification, such as literacy rates and an export structure which is in general dominated by primary goods (ores and metals; agriculture raw materials or food exports). Although it is the case that some LDCs are actually MICs, which somewhat undermines the sense of the LDCs being the poorest countries across a set of dimensions if some are, at least in income per capita terms, not among the poorest, most of the LDCs that are MICs are small-population or small-island developing states which ought to be considered separately due to the



specific macroeconomic vulnerabilities of such economies.<sup>6</sup> There are a few exceptions, such as Cambodia, which is one remaining LIC which might cross the line in GNI per capita income in the foreseeable future. However, extrapolating mean GNI Atlas per capita using growth data from 2010–14 suggests that only a small number of current LICs will cross the line in the next decade. Most of the remaining LICs will be LICs for some considerable time to come suggesting official development assistance (ODA) commitments will be essential. Some remaining LICs might graduate by 2050 while others will take to 2100 or beyond (see Figure 3).

Another justification for the LIC/MIC threshold is that under which it was originally developed. Historically it was established based on the relationship between GNI (Atlas) per capita and other variables such as poverty. Taking a whole-of-society well-being measure (rather than poverty, which is not the whole of society but a proportion of the population), such as life expectancy suggests that approximately US\$1,000 per capita is the absolute minimum threshold for a country to achieve the well-being of an ‘advanced’, meaning OECD, nation. It is the absolute minimum threshold for a country to achieve an OECD-comparable average life expectancy level. The lowest life expectancy in an OECD country is currently 75 years in Turkey (in 2013). One new MIC, Viet Nam, did achieve a life expectancy similar to that of Turkey, 75 years, at just US\$1,000 GNI (Atlas) per capita in 2008 as it crossed the threshold into MIC status (and GDP PPP per capita was US\$4,000).<sup>7</sup> In short, life expectancy close to the lowest in the OECD countries has been reached at about US\$1,000 GNI per capita per year, but this is by no means guaranteed and Viet Nam is exceptional. Looking across developing countries the US\$1,000 GNI (Atlas) per capita line is associated in 2013 with a life expectancy of about 62 years (using a logarithmic regression, or just below 60 years using an exponential regression model—see Figures 4 and 5), which is just below retirement age in many OECD countries.

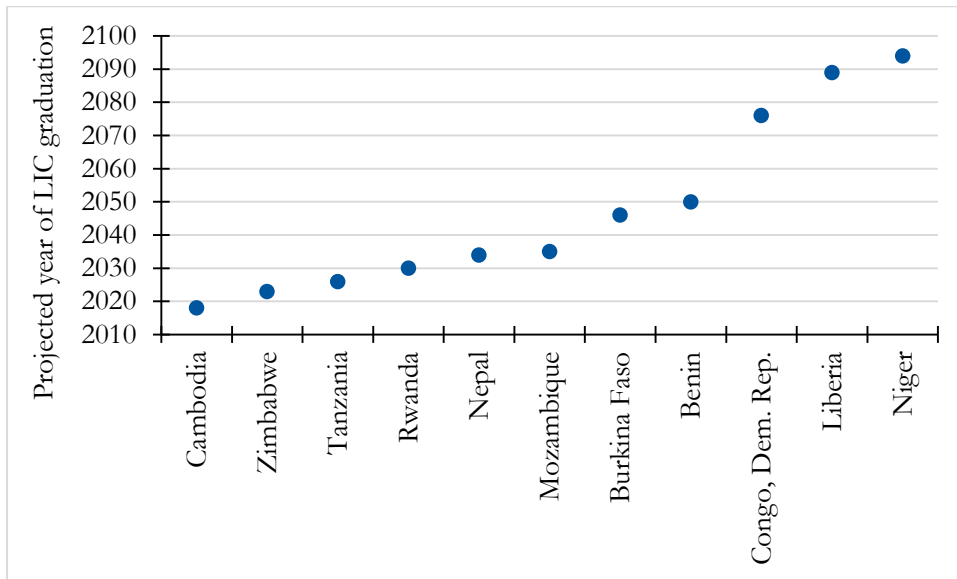
In sum, it is not contentious to say that the setting of country classifications is in need of review. However, as arbitrary as the LIC/MIC threshold may seem in the first instance, it has some underlying logic in at least three aspects: first, that it is perhaps the lowest income per capita which has been associated with life expectancy in a ‘developed’ or OECD nation. Second, the remaining LICs are now those with poor growth records and structural handicaps that shape the LDCs (as most of the remaining LICs are). Third, crossing the threshold does lead to reassessment of creditworthiness by the credit rating agencies and thus—in principle—access to private capital markets, and therefore has symbolic value in the sense that some political freedom follows, in general, in terms of a changing relationship with aid donors as the only source of development finance (and accompanying donor conditionalities). The more important issue though is that the remaining 30 LICs, most of whom may be stuck for the foreseeable future at the bottom if one takes recent growth history into account, suggests that there is a difference between those countries joining the ‘new middle’ and those left behind.

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<sup>6</sup> The UN LDC classification is based on a methodology that combines human assets (including nutrition, child mortality, school enrolment, and adult literacy), economic vulnerability (measures of the instability of agricultural production, population displaced by natural disasters, instability in exports, and the share of agriculture in GDP and exports), proxies for economic ‘smallness’, ‘remoteness’, and, perhaps surprisingly, *GNI (Atlas) per capita*. The main problem of the LDC category is that it is somewhat static. Guillaumont (2009), among others, has argued that the graduation criteria make it very difficult for countries to ‘graduate’ as the conditions for exit are difficult to meet.

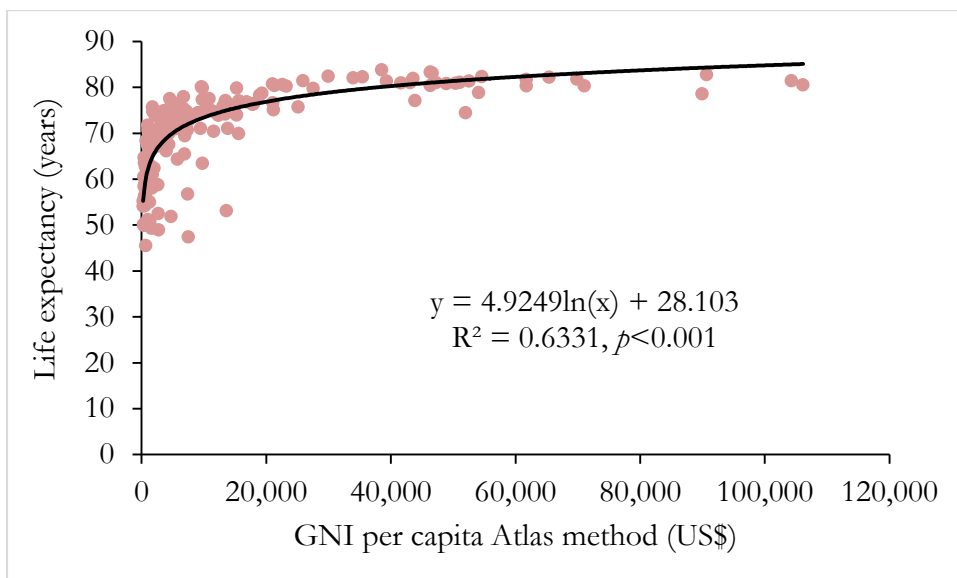
<sup>7</sup> In contrast, Turkey, with the same life expectancy, had a GNI (Atlas) per capita of almost US\$11,000, close to the HIC threshold (and US\$19,000 in GDP PPP per capita). Further, when another new MIC, Nigeria, crossed the LIC–MIC threshold of US\$1,000 in 2008, it had life expectancy of just 50 years. In 2013, Nigeria and Viet Nam both had virtually the same income and output per capita, but life expectancy remains 50 years in the former and 75 years in the latter.

Figure 3: LICs with data that could be expected to cross LIC/MIC line in the next 100 years based on 2010–14 per capita growth



Source: Data processed from World Bank (2015c).

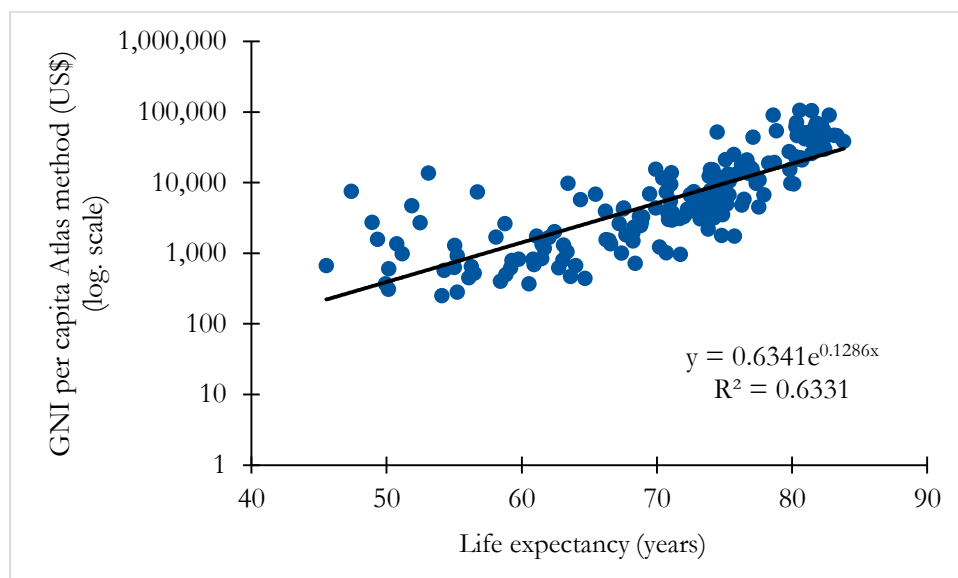
Figure 4: Average life expectancy at US\$1,000 GNI Atlas per capita, 2013



Note: Predicted life expectancy at US\$1,000 GNI based on a logarithmic regression model: 62 years.

Source: Data processed from World Bank (2015c).

Figure 5: GNI per capita and life expectancy, 2013



Note: Predicted life expectancy at US\$1,000 GNI based on an exponential regression model: 58 years.

Source: Data processed from World Bank (2015c).

### 3 The second new middle: precarity versus poverty

The second new middle is that of people. Figures 6–9 show the proportions and absolute numbers of the global population living in poverty taking the following consumption lines (in 2011 PPP): US\$1.90 a day (the new World Bank poverty line which is the rebasing of the US\$1.25 in 2005 PPP and is also the median of national poverty lines in LICs [see for discussion Ferreira et al. 2015; Jolliffe and Prydz 2015]), US\$3.10 a day (the new World Bank upper poverty line derived from the earlier US\$2 a day poverty line in 2005 PPP), as well as US\$5 a day (the median of all national poverty lines; see data in annex of Jolliffe and Prydz 2016: 31–4), and US\$10 a day (a daily consumption associated with permanent escape from poverty in longitudinal studies; see López-Calva and Ortiz-Juarez 2014).<sup>8</sup>

Figures 6 and 7 show the proportion of population of developing countries who consume under each line with and without China (and, by consequence of course, the proportions who consume US\$1.90–US\$3.10, US\$3.10–US\$5, and US\$5–US\$10 per day, and above US\$10 per day). Figures 8 and 9 then show the growth of the new middles at various consumption lines in

<sup>8</sup> The US\$1.90 poverty line is based on the same 15 countries as the earlier US\$1.25 poverty line (2005 PPP) and is—more importantly—close to the median of national poverty lines in 32 LICs (home to a quarter of the world’s poor) (Ferreira et al. 2015; Jolliffe and Prydz 2015) and the US\$3.10 is an update of the earlier US\$2 poverty line used by the World Bank (the median of the same set of countries). Longitudinal studies in Brazil, Mexico, Chile, and Indonesia using national poverty lines point towards approximately US\$10 per day consumption as a ‘security from poverty’ consumption line, developed by López-Calva and Ortiz-Juarez (2014), based on the 10 per cent probability of falling back below national poverty lines (which are US\$4–US\$5/day in 2005 PPP) in the near future in Mexico, Brazil, and Chile. The 10 per cent probability line is actually US\$8.50–US\$9.70, depending on whether Brazil, Mexico, or Chile is used (and comparable estimates for Indonesia are US\$8.37 for a US\$4 national poverty line and US\$13.03 at US\$5, in 2005 PPP; see Sumner et al. 2014). Thus, the mean is US\$9.27, and if the mean is inflated to 2011 prices it is US\$10.47 in 2011 PPP.

absolute numbers.<sup>9</sup> Data before 1990 should be treated with some caution due to fewer surveys and thus weaker coverage.

Including China, the proportion of those living under US\$1.90 has fallen from 54.8 per cent of the developing world population in 1981 to 14.8 per cent in 2012. And the proportion of those living between US\$1.90 and US\$5 has risen from 24.7 per cent to 40.1 per cent over the period. The proportion of those living between US\$5 and US\$10 has increased substantially too, from 11.7 per cent to 23.0 per cent over the period. Excluding China gives a different picture: the proportion living under US\$1.90 has still fallen, from 33.1 per cent in 1981 to 17.6 per cent in 2012. Excluding China, the proportion of those living between US\$1.90 and US\$5 has risen from 33.0 per cent of the population to 42.5 per cent over the period, but the proportion of those living between US\$5 and US\$10 has barely risen from 19.1 per cent to 19.4 per cent over the period.

Figures 8 and 9 show the absolute numbers, which are more striking. They show that the population including China living below US\$1.90 has more than halved, from almost 2 billion people to about 0.8 billion people, and the population between US\$1.90 and US\$5 has doubled from just under 1 billion people in the early 1980s to over 2 billion in 2012. The population including China between US\$5 and US\$10 has risen from about 300 million in the early 1980s to 1.2 billion in 2012. It is worth noting that some substantial changes in the late 2000s show thresholds crossed by large numbers of people.

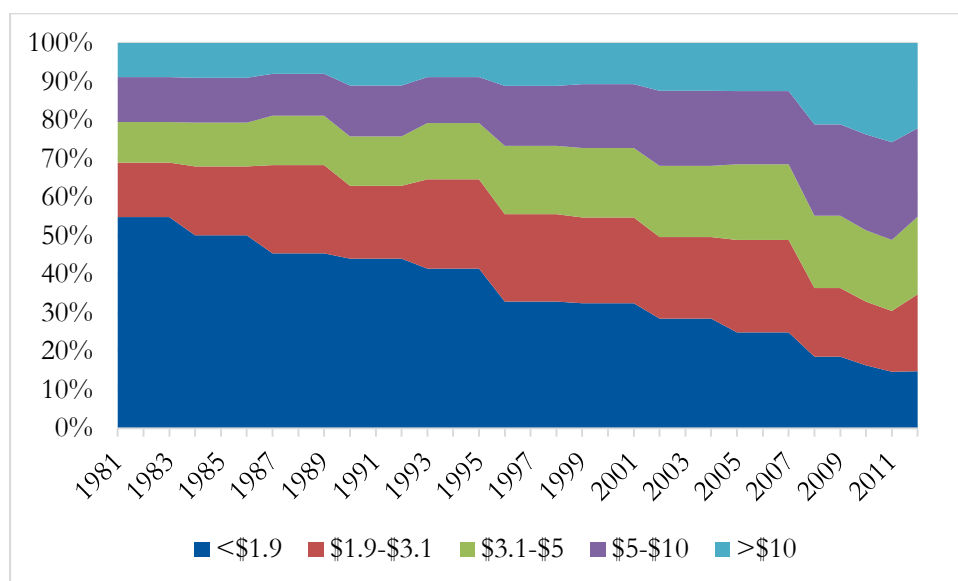
The data excluding China are less dramatic but significant. The population under US\$1.90 stood at just under 1 billion in 1981 but fell to 700 million people by 2012. The population between US\$1.90 and US\$5 more than doubled from 0.8 billion in the early 1980s to about 1.7 billion in 2012. The population between US\$5 and US\$10 rose from 350 million in the early 1980s to 800 million in 2012.<sup>10</sup> In short, across developing countries as a whole an additional 1 billion people joined the lower precariat and 1 billion joined the upper precariat (to use the terms of Standing 2011). These precariat groups live in China and other MICs as Figures 11 and 12 show.

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<sup>9</sup> These data are the same as used by the World Bank to produce global estimates but the estimates presented here differ slightly from the 'official' estimates because the estimates below do not 'fill' missing data with regional averages as per the World Bank (see Ferreira et al. 2015: 28), on the basis that the population coverage is already 92.9 per cent of developing countries (in 2012), nor extrapolate each country estimate to specific years, but instead take the closest survey year. For comparison, official estimates of global poverty in 2012 at US\$1.90 are 896.7 million (Ferreira et al. 2015) and 902 million (Cruz et al. 2015). Estimates here are 795.8 million under US\$1.90 per day.

<sup>10</sup> Interest in such groups is not new. In recent years a body of studies relating to what has been labelled a 'middle class' in developing countries has emerged, looking at an array of consumption levels from US\$2 to US\$100 per capita per day (e.g. Banerjee and Duflo 2008; Birdsall et al. 2014; Easterly 2001; Kharas 2010; Ravallion 2010). The conflation of 'class' or a social identity with consumption cut-offs is difficult to sustain. However, what this literature points towards is a stylized fact of falling poverty at (low) global poverty lines and burgeoning groups above that line.

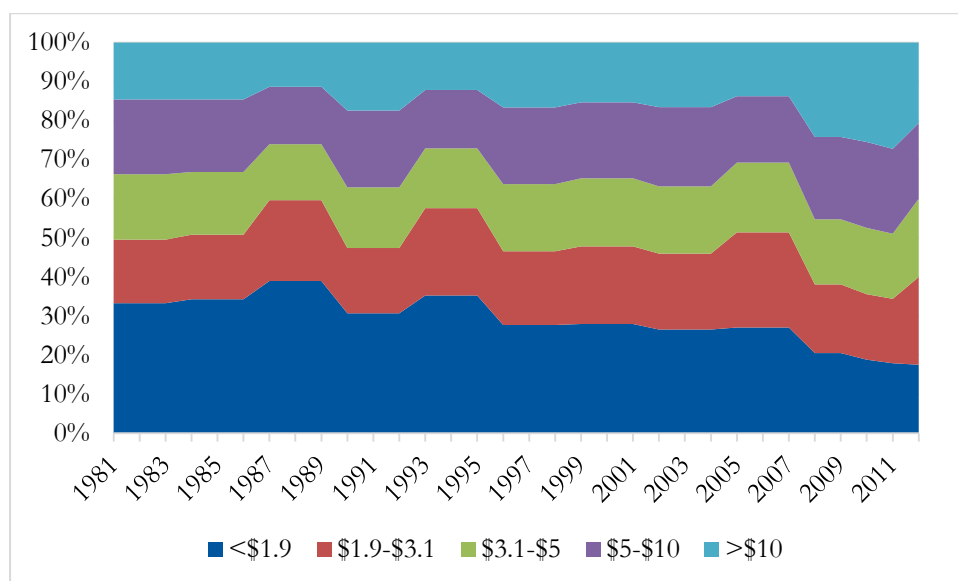
Figure 6: Percentage of population of developing countries who consume under US\$1.90, US\$1.90–US\$3.10, US\$3.10–US\$5, and US\$5–US\$10 per day and above US\$10 per day (2011 PPP), 1981–2012



Note: Povcal does not offer data for every year. Extrapolation of the headcounts was done by holding the value of the previous year constant.

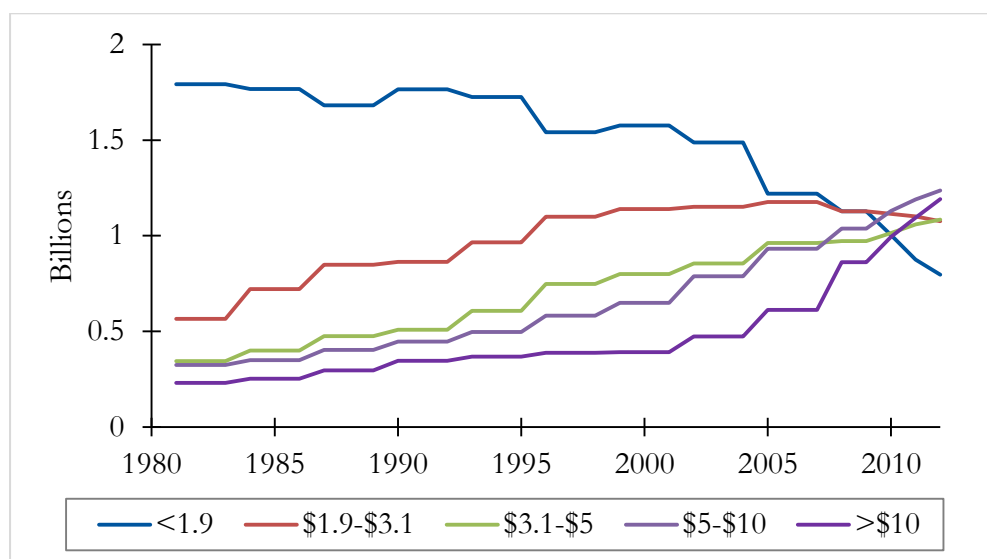
Source: Data processed from World Bank (2015b).

Figure 7: Percentage of population of developing countries excluding China who consume under US\$1.90, US\$1.90–US\$3.10, US\$3.10–US\$5, US\$5–US\$10 per day, and above US\$10 per day (2011 PPP), 1981–2012



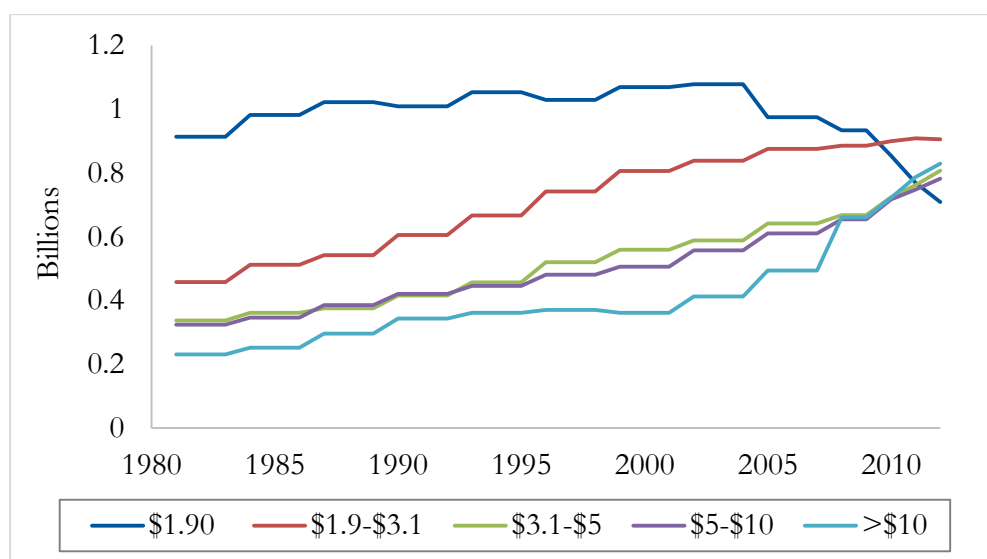
Source: Data processed from World Bank (2015b).

Figure 8: Population (billions) of developing countries who consume under US\$1.90, US\$1.90–US\$3.10, US\$3.10–US\$5, US\$5–US\$10 per day and above US\$10 per day (2011 PPP), 1981–2012



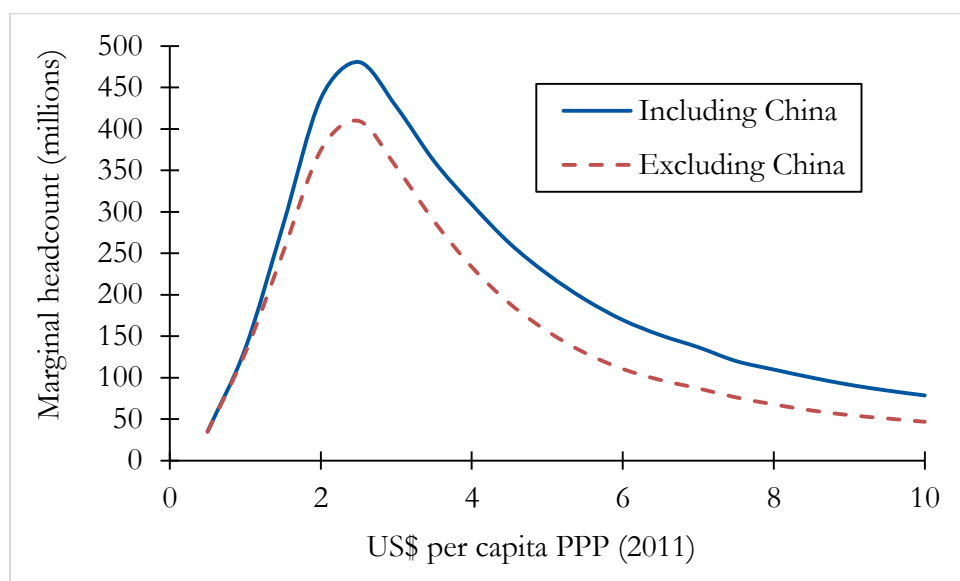
Source: Data processed from World Bank (2015b).

Figure 9: Population excluding China (billions) of developing countries who consume under US\$1.90, US\$1.90–US\$3.10, US\$3.10–US\$5, US\$5–US\$10 per day and above US\$10 per day (2011 PPP), 1981–2012



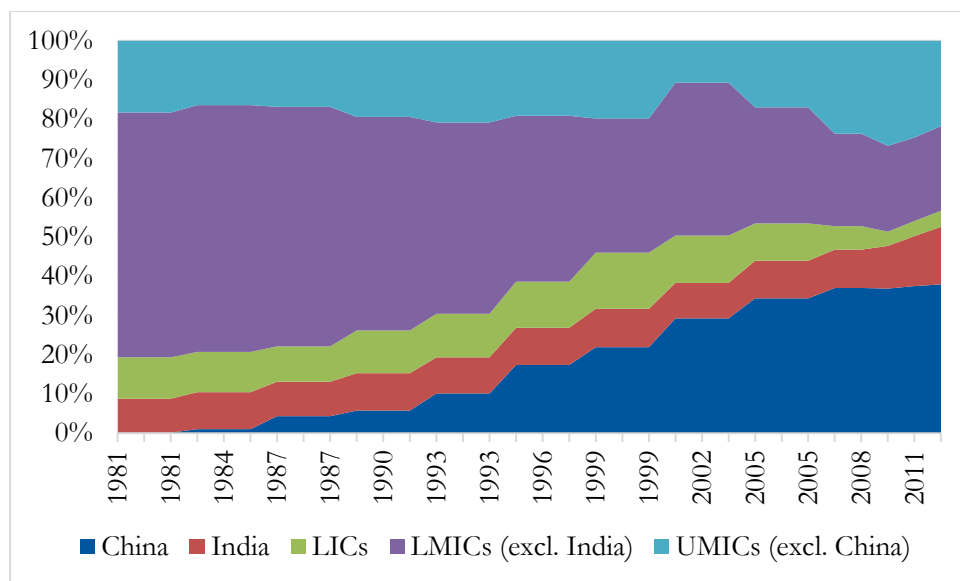
Source: Data processed from World Bank (2015b).

Figure 10: Population density curve (millions of people) of developing countries, US\$0–US\$10, 2012, with and without China



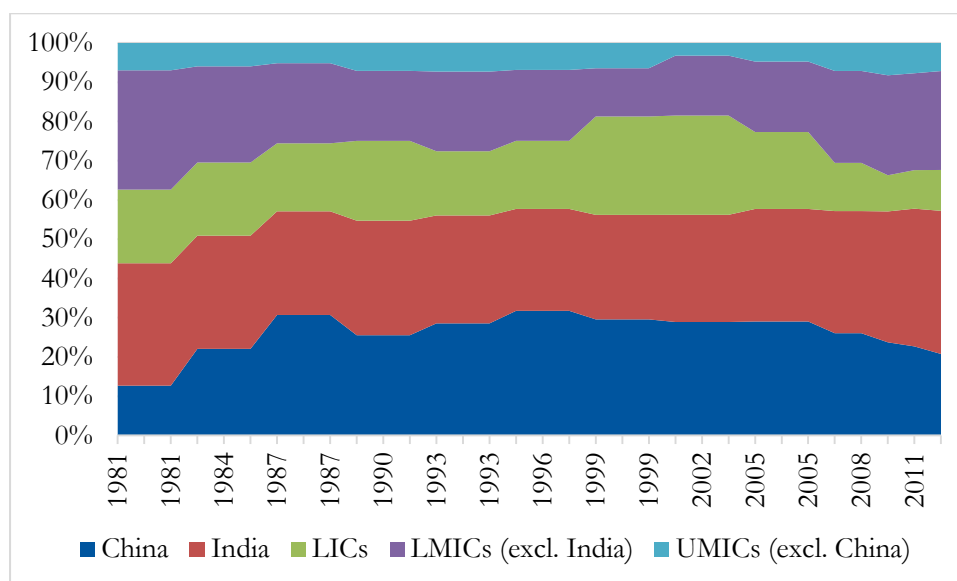
Source: Data processed from World Bank (2015b).

Figure 11: Distribution of population of developing countries living between US\$1.90 and US\$5 by LIC/LMIC/UMIC, 1985–2012



Source: Data processed from World Bank (2015b).

Figure 12: Distribution of population of developing countries living between US\$5 and US\$10 by LIC/LMIC/UMIC, 1985–2012



Source: Data processed from World Bank (2015b).

As with the threshold lines for countries, the thresholds here for poor people are somewhat arbitrary, depending on whether one accepts the logic of each line (meaning basing poverty lines on the median of the poorest countries; the update of an earlier line; the median of all national poverty lines; and a security-from-poverty line in longitudinal studies). Where you draw the line determines the number of people and countries above and below of course. We can consider the sensitivity in Figure 10. If we take the population density curve for all developing countries, we can consider just how sensitive are the lines drawn. We find that the density of population at the lower end of the developing world distribution would point towards the use of higher lines because of estimates of poverty that are sensitive to where the line is drawn. However, as before, in a way in this discussion we are not concerned per se about the precise numbers in each ‘band’ of consumption. The concern is with stylized patterns.

In sum, what has happened in the developing world since the Cold War is a large movement of people into what could be called a lower ‘precariat’ (US\$1.90–US\$5) in particular and an upper precariat (US\$5–US\$10) in China, as poverty rates have fallen in many countries with economic growth pushing people across the consumption lines discussed above. One could liken this to a transition in the sense of a transition from poverty to precarity to security. People do not jump out of poverty into secure lives with one big jump but by a slow ascent to higher consumption levels from destitution to poverty to precarity.

## 4 Growth, precarity, structural change, and the limitations of the special case

### 4.1 The heterogeneity of the new MICs

This section discusses patterns of growth, precarity, and structural change in the almost 40 new MICs and how these patterns raise various questions related to the emergence of the new middles. In this section it is argued that different new MICs face different problems in sustaining poverty reduction. In new MICs where growth has not been driven by structural change the bulge of new population is in the lower precariat (US\$1.90–US\$5) and is thus more vulnerable to growth slowdowns as those people are not far above the poverty line. In contrast, in the



countries where growth has been driven by structural change, the bulge of new population is more clearly in or close to the upper precariat (US\$5–US\$10) and is thus much less vulnerable to growth slowdowns. However, countries attaining growth with structural change have also experienced notable rises in inequality and this will weaken the responsiveness of poverty reduction to growth ahead, and countries will need to grow faster to attain the same rates of poverty reduction as the income share of the poorest deciles is squeezed.

Although almost 40 countries grew sufficiently to cross the line into the MIC category since 1990, the number of countries entering the MIC group is just under 20 once one removes two specific types of new MICs: the first of these is the former planned economies which might, following transition, be described as ‘bounce-back’ MICs. Indeed, some are now UMICs. These countries are: Albania, Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Ukraine, Tajikistan, and Uzbekistan. Most have some kind of substantial industrial base from the Cold War. It is thus difficult to compare these countries with countries growing into MICs which have not had such an economic history. Second, there are small countries with populations of <10 million, of which four countries are of 1–10 million and seven countries of <1 million: the former (1–10 million) are Lao, Lesotho, Mongolia, and Nicaragua. The latter (of less than 1 million are): the Maldives, São Tomé and Príncipe, the Solomon Islands, Equatorial Guinea, Bhutan, Guyana, and Mauritania. These countries, especially the islands, are likely to have volatile macroeconomies due to their size and are worthy of analysis as a separate group of countries (as the literature typically treats them). This then leaves 19 countries with a total population of 3.8 billion in 2012 (65.8 per cent of world population). Tables A1–A5 show respectively the new MICs and how they differ over time (1990 versus 2012) as two types of country: ‘genuine’ new MICs and ‘premature’ MICs (the rationale for the labels becomes apparent shortly) by GNI Atlas per capita, GNI PPP per capita, GDP PPP per capita, ODA/GNI, as well as the structure of GDP, employment, and exports, and, finally, poverty rates at US\$1.90, US\$3.10, US\$5, and US\$10, and shares of GNI to the top decile.<sup>11</sup> This is all in keeping with Seers’ characteristics of the special case. A set of issues is evident in what are two stylized pathways of growth. First, what might be called premature graduation: there has been GNI Atlas per capita growth with and without corresponding GNI PPP per capita or GDP PPP per capita growth. Seers, so often a critic of growth fetishism, would have raised an eyebrow at this. Second, there has been a drastic decline in the importance of aid, especially so in the genuine MICs but evident in premature new MICs too. Although Seers did not list the lack of need for ODA as a characteristic of the special case, it clearly is one way that historically developed and advanced nations have differed. Third, there has been growth with and without structural change. Here one can really see the enduring limitations of the special case in the premature MICs, but also, to some extent, in the genuine MICs. Fourth, there has been a clear pattern of rising inequality in those new MICs with structural change. For some, yes of course, any growth is good growth. For others, growth with rising inequality carries future problems or slower poverty reduction at whatever poverty line, but also slower future growth potentially.<sup>12</sup> There are also quite different patterns of poverty and precarity in the two groups of new MICs. Growth with structural change has lifted those people out of poverty to a higher consumption level. In contrast, growth without structural change has lifted people up less so.

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<sup>11</sup> The basis of this is the Palma Proposition and the related Palma Ratio (see Palma 2006, 2011, 2013; see also Cobham et al. 2015) that the ‘middle’ five deciles between the richest and poorest always capture 50 per cent of GNI; thus changes in distribution are a contest between the richest decile and poorest four deciles.

<sup>12</sup> See recent review of Cunha Neves and Tavares Silva (2014) as well as Brueckner and Lederman (2015), which would suggest that MICs should be concerned with rises in inequality for their possible impact on future growth.

## 4.2 Premature graduation: GNI Atlas per capita growth with and without substantial GNI PPP or GDP PPP per capita growth

The first aspect to note is that half of the 19 countries have had very large increases (meaning doubling or more) in GDP PPP per capita between 1990 and 2012 and, where there are two data points, in GNI PPP per capita too (GNI PPP per capita is not available for 5 of the 19 in the earlier period). Henceforth, these are referred to as ‘genuine’ MICs for this reason. The other half of the sample of countries have had much smaller proportional increases in GDP PPP per capita and, where there are two data points, only limited expansion of GDP PPP or GNI PPP per capita (and in three of those countries GNI PPP per capita has actually shrunk). Henceforth, this second set of counties is labelled ‘premature MICs’ for this reason. This could simply be (a) that many of the premature MICs are not far over the LIC/MIC threshold; (b) a PPP problem, in that PPP conversion for those countries is based on poor-quality price data (see discussion of Edward and Sumner 2015); (c) countries have achieved higher income per capita by exchange rate conversion but this evaporates (seemingly) when US\$PPP are used; or (d) related to the differences between GNI and GDP—output versus income but, more significantly, national versus domestic. GDP is arguably more reliable for cross-country comparisons than GNI, given that the difference between GDP and GNI is that the latter, GNI, adjusts GDP for factor incomes earned by foreign residents minus factor incomes earned by non-residents and the inclusion of this cross-border aspect means that the comparability of GNI across countries is subject to a number of issues of contention. Of course, there are various questions about GDP and any national account measures too (see for discussion Jerven 2013); or (e) where growth is driven by commodities and/or fuel exports, it could be that exchange rate movement has driven the rise in GNI Atlas per capita.

The countries with drastic increases in GDP PPP per capita since the Cold War are: Angola, Bangladesh, China, Ghana, India, Indonesia, Nigeria, and Pakistan (though much less so), Sri Lanka, Sudan, and Viet Nam. These countries are home to 3.6 billion people (2012) or 62.4 per cent of the developing world population (though India and China account for 45.8 per cent of the developing world population). China, Viet Nam, India, and Indonesia have experienced particularly drastic increases in GDP PPP per capita since the Cold War. Surprisingly, perhaps, there have been substantial increases in output per capita in a set of countries that one might not consider to be ‘emerging economies’, at least not in the high-profile BRICS (Brazil, Russia, India, China, and South Africa) sense; that is, Ghana, Sri Lanka, and Sudan, which have experienced substantial increases in GDP PPP per capita. The remaining countries, Nigeria and Pakistan, have increased GDP PPP per capita though less so than those countries previously listed.<sup>13</sup> The countries with limited GDP PPP per capita growth are: Cameroon, Republic of Congo, Côte d’Ivoire, Kenya, Senegal, Yemen, and Zambia (and Myanmar is added here, as it is likely to be in this group, given it has only just been classified as an MIC with GNI Atlas per capita of US\$1,270). Their total population in 2012 is just 196.6 million (3.4 per cent of the developing world population).

## 4.3 The decline in aid dependency

One measure of whether a country is ‘poor’ is the extent to which it is absolutely or relatively dependent on foreign aid, measured as ODA/GNI at above 9 per cent, taking a definition from

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<sup>13</sup> In comparison, mean GDP PPP per capita in 1990 across all developing countries was approximately US\$3,500. In 2012 it was just under US\$8,000. Mean GDP PPP per capita for all countries (developing and advanced nations) was US\$9,000 in 1990 and just under US\$14,000 in 2012.

OECD-DAC (2003).<sup>14</sup> There has been a tangible shift of the developing world overall. In the early 1990s, about a third of developing countries had an ODA-to-GNI ratio below 3 per cent, about a third of developing countries had a ratio above 9 per cent and the remaining countries were in between. Looking at the 2010–12 World Development Indicators (WDI) data, what is evident is the decline of the number of highly aid-dependent countries, at least using OECD-DAC thresholds. In fact, half of all developing countries are below the 3 per cent ODA-to-GNI threshold, and only about 25 countries and a set of islands are above the 9 per cent threshold. In short, the number of highly aid-dependent countries has virtually halved.

In the new MICs there has been a drastic decline in the importance of aid especially so in the genuine MICs but evident in the premature new MICs too. Aid dependency, measured as net ODA/GNI has been falling across both groups. This is to the point of very low levels on average in the genuine new MICs (less than 2 per cent of GNI on average). In contrast, the remaining LICs have a net ODA/GNI ratio of almost 12 per cent. Those new MICs with drastically rising GDP PPP per capita and structural change already have very low ODA/GNI ratios (e.g. Angola, China, India, Indonesia, Nigeria, Pakistan, and Sri Lanka). However, many of the premature new MICs, where GDP PPP per capita has not risen drastically, retain ODA/GNI ratios in the order of 2–10 per cent of GNI, suggesting that, for the premature new MICs at least, moderate ODA may be important for some time. That said, even these ‘poor MICs’ have experienced drastic drops in aid dependency since the early 1990s.

#### **4.4 The enduring limitations of the special case (for some): growth with and without structural change**

Seers noted that in advanced nations the manufacturing sector is typically much larger than either agriculture or mining; he also noted the characteristics of foreign trade specific to advanced nations. Seers argued that the ‘special case’ was peculiar and unrepresentative of the developing world—is that still true?

In the genuine new MICs, a shift away from agriculture as a proportion of GDP is very much evident in almost all of the countries. The mean is a virtual halving of agriculture in GDP, value added. Other sectors have expanded, particularly industry, and in some countries that includes manufacturing as well. Interestingly, even the countries with a drastic increase in GDP PPP per capita and structural change retain surprisingly high proportions of the labour force in agriculture. On average, almost 40 per cent of the labour force remains in agriculture as at 2012. In contrast, in most of the premature new MICs there has been less structural change away from agriculture. There is some shift evident in some of the premature new MICs, but on a smaller scale and with much less expansion of industry, including of manufacturing. In fact, on average, manufacturing as a proportion of GDP value added has actually declined.

In export structure, there have been some very clear patterns in the drivers of growth since 1990. In the genuine new MICs it is manufactures that are significant to exports in most of these countries. Agriculture raw materials, and ores and metals have become relatively insignificant as a proportion of merchandise exports. It is also worth noting that many of the genuine new MICs have a substantial proportion of merchandise exports in fuels. Viet Nam and India, even at the

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<sup>14</sup> The thresholds for medium and high aid dependency at 3 per cent and 9 per cent ODA-to-GNI ratio are drawn from the OECD-DAC (2003). In reality, such thresholds are more complex: the best indicator of aid dependency would be official development assistance (ODA)/final absorption, where final absorption equals household consumption plus investment spending plus government consumption, which shows the share of total spending on final goods and services effectively ‘financed’ by ODA. However, the readily available data are ODA/GNI.

lower end of the range, have about a tenth to a fifth of merchandise export in fuels. Ghana and Indonesia have a third to a half of merchandise export in fuels. Nigeria and Sudan are almost entirely dependent on fuels for merchandise exports. As noted, many of the genuine new MICs with data do have a substantial proportion of exports in manufacturing: China has over 90 per cent; Viet Nam, India, Sri Lanka, and Pakistan have approximately two-thirds or more of exports in manufactures; and Indonesia has about a third of exports in manufactures. In short, although some of the genuine new MICs are unambiguously manufacturing exporters, others have more mixed export structure, mixing manufactures and fuel exports, and two are highly dependent on fuel exports. In the premature new MICs, exports are dominated typically by either fuel exports or, to a lesser extent, by manufactures. Almost no countries rely on ores and metals or agriculture raw materials (Zambia is the outlier). Food exports remain of significance in many of the premature new MICs.

#### **4.5 Growth with rising inequality, and poverty versus precarity**

The special case, Seers notes, as regards household consumption characteristics, is as follows: only a few people living in extreme (below subsistence) poverty and moderate inequality. In the genuine new MICs the median consumption lies typically between the US\$3.10 and US\$5 poverty lines. Poverty rates at US\$1.90 at least are very low—on average just 15 per cent—but between US\$1.90 and US\$5 almost half of the population on average lives in what is likely to be a precarious situation. However, in China, Sri Lanka, and Viet Nam the median is in the US\$5–US\$10 range. In contrast, in the premature new MICs median consumption lies barely above the US\$3.10 poverty line or just above. In the premature MICs, poverty rates at US\$1.90 are on average twice the rate of those of the genuine MICs, despite a generation of growth. In Cameroon, Republic of Congo, Côte d’Ivoire, and Kenya, the median consumption is just over the US\$3.10 poverty line, but only just, suggesting that growth slowdowns in these countries could have a significant impact on poverty at this poverty line. Genuine new MICs have moved median consumption to higher levels, but with rising inequality which could hinder future efforts. Premature MICs have moved median consumption upwards, but less so, and with inequality rising in some countries and falling in others.

In the ‘genuine’ new MICs, where growth has been accompanied by structural change away from agriculture, the share of the richest decile has increased, with the exception of Pakistan, where little structural change was noted. At the same time, the GNI share of the poorest 40 per cent has been squeezed and reduced over the period (again with the exception of Pakistan). In the premature new MICs, only four countries have two data points. In those, the share of the richest decile has risen in two countries and fallen in two others. And the share of the poorest has fallen where the share of the richest has risen and vice versa. In short, the Kuznets curve and underlying logic, although largely dismissed, has reappeared in the post-Cold War era in the countries that have experienced growth with structural change since 1990. Almost all of the countries experiencing rapid growth with structural change since 1990 have experienced rising inequality (rising GNI share to top decile and falling share to poorest four deciles) from relatively low levels of inequality in the early 1990s. So, while there may be no universal law in the cross-sectional plots, the experience of post-1990 MICs has been that growth and structural change have been accompanied by rising inequality in their time-series data. This is consistent with Kanbur (2011) (see also discussion in Kanbur 2005), in which it is noted that the Kuznets curve is not visible in cross-sectional data but is visible in some time-series data for specific countries. Indeed, as far back as the late 1990s, Deininger and Squire (1998: 279) noted that the failure to find the Kuznets curve’s relationship overall did not mean that it does not exist for individual countries (and in their data they found that in 4 of 49 countries the Kuznets hypothesis was empirically supported).

In sum, across the set of indicators two stylized groups of new MICs are evident. The first group is home to just over 3.5 billion people and 62.4 per cent of developing countries' population (and 50.2 per cent of the world population), although, of course, China and India account for a large proportion of this. In these countries there have been drastic increases in output per person and net ODA is very low. Structural change away from agriculture value added in GDP is substantial, but inequality has risen and surprisingly high proportions of labour still remain in agriculture. Poverty is on the way to being replaced by precarity, though this is less severe than in the other stylized group of new MICs. In that second group, income and output increases per capita are much less impressive in PPPUS\$ conversions. There has been much less structural change. ODA is higher, although much lower than in the remaining LICs on average. Poverty at the lower poverty line of US\$1.90 is gradually shifting to precarity just above the US\$3.10 line. The second group is home to just under 200 million people or 3.4 per cent of the population of developing countries.

## 5 Conclusions

Overall, a generation of economic growth has transformed what was once labelled the 'Third World' or the 'periphery' (in contrast to the OECD as the 'core') into a fragmented developing world of: a 'permanent periphery' of very poor countries with weak growth prospects and structural handicaps; a 'precarious periphery' of developing countries, where growth has been driven by the commodity boom, with a lower precariat (in terms of consumption) due to poverty reduction at US\$1.90 but not at US\$5; a quasi-periphery of developing countries, where growth was driven by structural change, with an upper precariat due to poverty reduction at US\$5 but not at US\$10, such that a large proportion of the population may not have permanently escaped poverty, and the characteristics of the economy and society are still a very long way away from OECD country characteristics. Finally, there is the 'core' of OECD countries. What does this mean for future research?

One could say that development economics faces the same issues as ever but with a twist in that the key issue for research in development economics—as it was for Seers, Lewis, Kuznets, and others—is sustaining structural change towards the characteristics of the 'special case' of advanced nations. However, the contemporary developing world looks different from that of the 'Third World' or periphery of the 1980s in that all but a handful of developing countries are growing and have attained—in general—higher levels of output per capita, and there are much lower levels of aid dependency than in the 1980s. At the same time, growth in some countries has been accompanied by relatively little structural change and, even where GDP structure has shifted away from agriculture, employment in agriculture remains surprisingly high, even in the more notable emerging economies. Furthermore, where growth has been accompanied by structural change, higher levels of disparities between richest and poorest are clearly evident and this is likely to impact on future poverty reduction and on future growth.

All of the above would suggest a set of questions worth exploring in future research. However, these are not new questions per se but new takes on old questions in a changing context of higher income and output per capita and lower aid dependency. Fifty years ago Seers outlined the following as the key question: 'What has to be explained is why economies grow at different rates, and the help governments need most desperately is advice on how to stimulate development' (1963: 78). If Seers were alive today, perhaps some of the questions he might add to this might be these: Why, how or when is growth accompanied by structural change or not? How can public policy soften the Kuznets curve upswing during growth with structural change or bring forward the downswing? How can public policy speed up the journey from poverty to

security? The answers to these questions are particularly important given the world's two new middles.

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## Data Annex

Table A1: Selected new MICs: GNI Atlas, GNI PPP, and GDP PPP per capita, and ODA/GNI, 1990 and 2012 (or nearest available)

	Population	GNI Atlas per capita		GNI PPP per capita (constant 2011 international US\$)		GDP per capita PPP (constant 2011 international US\$)		Net ODA/GNI	
	2012	1990	2012	1990	2012	1990	2012	1990	2012
<b>Genuine new MICs</b>									
Angola	22,685,632	550	-	-	6,341.3	-	6,949.0	4.0	0.2
Bangladesh	155,257,387	310	950	1,318.6	2,943.2	1,290.4	2,714.8	6.5	1.5
China	1,350,695,000	330	5870	1,519.7	10,987.4	1,516.2	11,017.0	0.6	0.0
Ghana	25,544,565	400	1570	-	3,471.7	1,919.6	3,659.2	9.7	4.5
India	1,263,589,639	390	1500	1,750.5	4,804.4	1,773.1	4,861.1	0.4	0.1
Indonesia	248,037,853	610	3580	4,270.1	9,017.0	4,477.3	9,282.7	1.6	0.0
Nigeria	168,240,403	290	2470	2,742.5	5,035.7	3,030.5	5,309.5	0.9	0.4
Pakistan	177,392,252	420	1260	3,193.9	4,602.7	3,057.0	4,380.2	2.7	0.9
Sri Lanka	20,328,000	470	2920	-	8,022.2	3,679.2	10,027.6	9.1	0.8
Sudan	3,771,2420	530	1650	1,602.4	3,675.2	1,753.3	3,803.5	7.4	1.6
Viet Nam	88,772,900	130	1560	1,410.5	4,709.0	1,501.1	4,912.3	3.0	2.8
Mean	-	388	2333	2,226.0	5,721.8	2,399.8	5,996.8	4.2	1.7
<b>Premature new MICs</b>									
Cameroon	21,659,488	920	1230	2,655.0	2,621.0	2,768.3	2,666.2	4.2	2.3
Congo, Rep.	4,286,188	920	2510	5,901.1	4,990.2	5,256.7	5,698.1	9.3	1.3
Côte d'Ivoire	21,102,641	760	1260	5,901.1	4,990.2	3,220.5	2,753.0	7.5	10.1
Kenya	42,542,978	380	1090	2,286.7	2,662.2	2,376.0	2,669.8	14.4	5.3
Myanmar	52,543,841	-	1270	-	-	-	-	-	0.7
Senegal	13,780,108	710	1040	1,796.1	2,156.3	1,863.6	2,184.0	14.7	7.8
Yemen	24,882,792	500	1180	-	3,356.7	3,392.1	3,609.1	8.0	2.3
Zambia	14,786,581	430	1650	2,124.4	3,455.7	2,318.3	3,500.8	15.8	3.9
Mean	-	660	1423	3,444.1	3,479.3	3,027.9	3,297.3	10.6	4.7
<b>Aggregates</b>									
LDC	-	-	-	-	-	1,268.0	1,993.4	11.3	5.7
LIC	-	-	-	-	-	1,118.2	1,423.6	15.8	11.5
MIC	-	-	-	-	-	3,699.4	8,624.5	1.2	0.3
LIC and MIC	570,683,268	-	-	-	-	3,490.5	7,879.5	1.9	0.6

Source: Data from World Bank (2015c).

Table A2: Selected new MICs: shares of GDP by sector (value added as % of GDP), 1990 and 2012 (or nearest available)

	Agriculture		Industry (including manufacturing)		Manufacturing		Services	
	1990	2012	1990	2012	1990	2012	1990	2012
<b>Genuine new MICs</b>								
Angola	33.3	8.2	33.3	64.9	3.8	3.9	33.3	27.0
Bangladesh	32.8	17.1	20.7	26.7	12.6	16.8	46.6	56.2
China	26.7	9.5	40.9	45.0	36.4	38.3	32.4	45.5
Ghana	45.1	23.6	16.9	28.9	9.8	6.0	38.1	47.5
India	29.0	18.7	26.5	31.7	16.2	17.7	44.5	49.6
Indonesia	19.4	13.4	39.1	43.6	20.7	21.5	41.5	40.9
Nigeria	31.5	22.1	45.3	26.7	5.5	7.8	23.2	51.2
Pakistan	26.0	24.5	25.2	22.1	17.4	14.5	48.8	53.4
Sri Lanka	26.3	8.0	26.0	32.3	14.8	20.9	47.7	59.7
Sudan	40.6	28.8	15.3	22.4	8.7	7.9	44.2	48.8
Viet Nam	38.7	19.7	22.7	38.6	12.3	17.4	38.6	41.7
Mean	31.8	17.6	28.3	34.8	14.4	15.7	39.9	47.4
<b>Premature new MICs</b>								
Cameroon	24.6	23.2	29.5	30.2	14.5	14.8	46.0	46.6
Congo, Rep.	12.9	3.9	40.6	74.8	8.3	3.8	46.5	21.3
Côte d'Ivoire	32.5	22.5	26.3	22.3	17.5	13.0	41.2	55.1
Kenya	29.5	29.1	19.0	20.7	11.7	12.3	51.4	50.2
Myanmar	57.3	48.3	10.5	16.2	7.8	11.6	32.2	35.4
Senegal	19.9	16.7	22.2	24.2	15.3	14.2	57.9	59.0
Yemen	24.4	10.1	34.3	49.2	19.0	7.8	41.3	40.6
Zambia	20.6	10.3	51.3	34.4	36.1	8.3	28.1	55.3
Mean	27.7	20.5	29.2	34.0	16.3	10.7	43.1	45.4
<b>Aggregates</b>								
LDC	37.3	27.0	21.0	23.6	10.5	11.5	41.9	49.4
LIC	40.8	33.7	18.4	21.2	9.8	9.2	41.3	45.2
MIC	20.1	10.0	35.5	36.2	25.0	22.9	44.4	53.8
LIC and MIC	20.4	10.3	35.2	36.0	24.7	22.7	44.3	53.6

Source: Data from World Bank (2015c).

Table A3: Selected new MICs: shares of employment by sector (% of total), 1990 and 2012 (or nearest available)

	Agriculture		Industry (including manufacturing)		Services	
	1990	2012	1990	2012	1990	2012
<b>Genuine new MICs</b>						
Angola	5.1	-	20.6	-	66.6	-
Bangladesh	64.9	47.5	13.0	17.7	14.8	35.3
China	53.4	2.5	19.0	46.9	9.9	47.0
Ghana	62.0	44.7	10.1	14.4	27.9	40.9
India	60.5	47.1	15.7	24.8	22.0	28.1
Indonesia	55.9	35.3	13.7	21.5	30.2	43.1
Nigeria	46.9	48.6	7.5	8.5	43.7	42.9
Pakistan	51.1	45.1	19.8	22.3	28.9	34.1
Sri Lanka	47.8	31.0	20.6	26.1	30.0	41.5
Sudan	-	44.6	..	15.3	-	40.1
Viet Nam	70.0	47.4	10.6	21.1	19.4	31.5
Mean	56.9	38.8	14.4	22.6	25.2	38.3
<b>Premature new MICs</b>						
Cameroon	76.9	61.3	6.8	9.1	22.6	-
Congo, Rep.	-	-	-	-	-	-
Côte d'Ivoire	-	-	-	-	-	-
Kenya	-	61.1	-	6.7	..	32.2
Myanmar	69.7	-	9.2	12.0	21.0	
Senegal	-	46.1	12.4	18.1	36.1	22.4
Yemen	52.6	24.7	11.3	18.8	32.1	56.2
Zambia	49.8	52.2	10.9	9.5	20.8	38.3
Mean	59.8	46.1	10.1	13.5	29.7	39.0
<b>Aggregates</b>						
LDC	-	-	-	-	-	-
LIC	-	-	-	-	-	-
MIC	49.4	24.7	-	-	-	-
LIC and MIC	50.3	25.0	-	-	-	-

Source: Data from World Bank (2015c).

Table A4: Selected new MICs: structure of exports (% of merchandise exports), 1990 and 2012 (or nearest available)

	Agricultural raw material exports		Food exports		Fuel exports		Manufactures exports		Ores and metals	
	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012
<b>Genuine new MICs</b>										
Angola	0.0	-	0.2	-	93.4	-	0.1	-	6.2	-
Bangladesh	6.8	1.8	14.3	3.9	1.3	1.2	77.5	91.7	0.0	0.5
China	3.5	0.5	12.7	2.7	8.3	1.5	71.6	93.6	2.1	1.3
Ghana	14.7	3.0	50.9	30.3	9.4	52.7	7.7	20.7	3.0	2.7
India	4.1	2.0	15.6	10.5	2.9	18.5	70.7	63.8	5.2	3.3
Indonesia	5.2	5.9	11.2	17.9	44.0	33.6	35.5	37.5	4.4	6.3
Nigeria	0.6	7.3	1.5	5.3	96.6	84.0	0.7	6.9	0.1	0.4
Pakistan	10.2	2.5	9.3	17.1	1.3	1.4	78.7	74.1	0.3	2.0
Sri Lanka	5.8	3.3	34.3	26.4	0.7	0.4	53.6	66.5	1.6	0.8
Sudan	38.1	1.3	60.5	6.7	0.3	90.9	1.2	0.3	0.4	0.4
Viet Nam	2.9	2.7	-	17.1	18.0	9.9	44.1	64.7	0.5	0.6
Mean	9.2	3.0	23.4	13.4	18.3	29.4	44.1	51.9	1.7	1.8
<b>Premature new MICs</b>										
Cameroon	14.3	15.7	20.4	17.2	49.9	55.6	8.5	7.5	6.9	1.6
Congo, Rep.	1.8	0.8	1.3	0.2	94.4	78.9	2.5	30.5	0.1	0.0
Côte d'Ivoire	19.9	11.5	68.0	46.8	9.6	30.9	6.6	16.2	0.2	0.3
Kenya	5.6	12.2	49.1	46.2	13.1	4.3	29.2	34.7	2.9	2.0
Myanmar	36.1	10.6	51.3	19.6	0.2	38.5	10.4	30.0	2.0	0.9
Senegal	2.7	2.0	53.2	31.2	12.3	16.6	22.5	40.1	9.3	4.8
Yemen	9.7	0.1	74.6	6.3	8.2	89.5	0.7	1.8	6.8	0.1
Zambia	0.9	2.0	3.9	11.1	1.7	1.3	4.6	6.3	88.8	73.5
Mean	11.4	6.9	40.2	22.3	23.7	39.4	10.6	20.9	14.6	10.4
<b>Aggregates</b>										
LDC	14.9	-	-	-	-	-	19.2	-	-	-
LIC	-	17.8	-	-	-	-	35.0	-	9.0	-
MIC	4.2	1.7	15.9	10.0	16.5	16.1	57.3	65.0	4.4	4.6
LIC and MIC	4.2	1.8	16.0	10.1	16.5	16.0	57.2	64.8	4.4	4.7

Source: Data from World Bank (2015c).

Table A5: Selected new MICs: shares of GNI to richest decile, 1990 and 2012 (or nearest years) and percentage of population living on less than US\$1.90, US\$3.10, US\$5, and US\$10, 2012

	Share of GNI to the richest 10%		Poverty headcount rates (% population) by various poverty lines, 2012			
	1990	2012	US\$1.90	US\$3.10	US\$5	US\$10
<b>Genuine new MICs</b>						
Angola	-	32.3	28.9	53.3	75.2	93.9
Bangladesh	23.3	26.8	-	-	-	-
China	25.3	30.0	6.47	19.1	39.6	73.2
Ghana	30.1	32.7	12.9	31.3	57.2	86.5
India	26.0	30.0	18.7	54.9	82.1	96.4
Indonesia	24.7	28.2	11.8	41.7	69.3	91.7
Nigeria	31.4	32.7	51.7	75.1	89.6	98.0
Pakistan	27.1	25.6	6.8	42.0	79.0	96.6
Sri Lanka	27.5	31.8	2.5	16.9	48.4	84.5
Sudan	-	26.7	12.2	34.5	64.3	92.8
Viet Nam	28.6	30.1	4.0	16	40.8	77.9
Mean	27.1	29.8	15.6	38.5	64.5	89.2
<b>Premature new MICs</b>						
Cameroon	-	33.0	27.0	52.5	74.2	93.2
Congo, Rep.	-	29.9	28.4	52.4	76.9	95.6
Côte d'Ivoire	29.5	32.6	27.7	53.8	76.0	93.9
Kenya	47.9	38.8	25.9	50.5	72.8	91.5
Myanmar			-	-	-	-
Senegal	42.8	31.1	37.9	65.9	84.9	96.8
Yemen	-	30.0	-	-	-	-
Zambia	42.9	45.2	61.9	77.4	88.0	95.9
Mean	40.8	36.9	34.8	58.8	78.8	94.5
<b>Aggregates</b>						
LDC	-	-	-	-	-	-
LIC	-	-	-	-	-	-
MIC	-	-	-	-	-	-
LIC and MIC	-	-	-	-	-	-

Source: Data from World Bank (2015b, 2015c). Note: There is no PPP poverty data for Bangladesh, Myanmar and Yemen in Povcal.