

POVERTY AND INEQUALITY

A question of rights

Poverty is a phenomenon with many dimensions. We will approach it from a human rights perspective, whereby the fight to eradicate poverty becomes a political responsibility. The available data show that a worryingly high proportion of countries will not achieve the first Millennium Development Goal, which is to reduce the percentage of the population living in extreme poverty by half between 1990 and 2015. If we leave India and China out of the calculations we find that not only has the number of poor people in the world not fallen, it has actually increased.

Social Watch Research Team¹

Selected indicators:

- Gini Index
- Population living on less than USD 1 per day (international poverty line)
- Population living on less than USD 2 per day (international poverty line)
- Population below the national poverty line
- Participation in the poorest consumption/income quintile

The phenomenon of poverty is on the agenda of virtually all the social and political actors in the world today. It is on the policy agendas of governments, multilateral bodies and civil society organizations too. However, there is a wide range of focuses on this problem and alternative ways to analyse it, some with slight differences and some that are in complete contrast to each other. There is laboured discussion about just how being poor ought to be conceptualized, but behind these debates about concepts what is in play here are the different policies and different paths towards achieving a decent life for all human beings.

From the very beginning Social Watch has taken the view that poverty as a complex, multi-dimensional phenomenon which must be tackled with a holistic approach. Poverty is regarded as “a situational syndrome that involves under-consumption, malnutrition, precarious housing, low levels of education, bad sanitation, unstable insertion into the productive structure, discouragement, anomie, little participation in social integration mechanisms, and perhaps adherence to a particular set of values that are to some extent different from those of the rest of society.”² There are also qualitative dimensions to poverty that call for a wider perspective: “To feel that one is poor is a relative concept that has a lot to do with having access to the resources

needed to maintain the standard of living one is accustomed to or which is considered suitable by the society one belongs to.”³

If poverty is defined in terms of a lack of well-being or the resources to be able to enjoy a good quality of life, we have to bear in mind dimensions like the availability of free time, personal security, protection against public and domestic violence, protection against natural disasters, and gender equity.⁴ It also involves other non-material, symbolic dimensions and having the personal resources to be able to avoid exclusion, like various systems of codes that operate in the modern world the most important of which are analytic thought, the ability to process information, and communication and management skills that enable people to participate fully in the globalized world and adapt to new modalities of work and production.

When it comes to conceptualizing and measuring poverty and taking action to combat it in the world, the human rights approach (and in particular the economic, social and cultural rights approach) is useful in that it sheds light on some dimensions of the problem that are usually overlooked.

The rights-based approach marks a shift away from an earlier development focus on meeting basic needs, which relied on charity or good will. A rights-based approach, in contrast, recognizes individuals as “rights-holders”, which implies that others are “duty-bearers”. Needs, on the other hand, have no object – there is no person or mechanism designated to meet them.

Under a human rights framework, governments are the primary duty-bearers. Among their duties are the establishment of equitable laws and systems that enable individuals to exercise and enjoy their rights, and to seek judicial recourse for violations under the rule of law. As rights-holders, people can claim their legitimate entitlements. This approach emphasizes the participation of individu-

“...poverty may be defined as a human condition characterized by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights.”⁵ ■

als and communities in decision-making processes that shape policies and programmes that affect them.⁶

The United Nations Committee on Economic, Social and Cultural Rights (CESCR) has stated that poverty constitutes a negation of human rights,⁷ and this is a crucial element in the analysis of the phenomenon. From the perspective of rights, it is essential to know how far each country has progressed or lost ground in the struggle against poverty. If poverty is conceived of as a negation of rights, there have to be criteria to make it possible to judge when a certain situation constitutes a violation of rights.

The criteria of the maximum utilization of resources and of non-regression (not to retreat from positions that have been won in the realization of rights) can be key elements in this analysis. Another important variable is the distribution within a country of wealth and resources, these being understood as the people and the material, financial and technical assets that there are. It is clear that this variable covers a much wider field than just income.

States have responsibilities that go beyond specific governments and that are subject to contractual agreements in the international human rights system. These obligations are not subject to

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

2 Altimir, O. (1979). *La dimensión de la pobreza en América Latina*. ECLAC.

3 *Ibid.*

4 Economic Commission for Latin America and the Caribbean (ECLAC). (2003). *Documento sobre la pobreza para la III Conferencia Regional de Seguimiento de la Cumbre de Desarrollo Social*.

5 Committee on Economic, Social and Cultural Rights (2001). “Substantive issues arising in the implementation of the International Covenant on Economic, Social and Cultural Rights: Poverty and the International Covenant on Economic, Social and Cultural Rights”. Document E/C.12/2001/10. Available at: <www.unhchr.ch>.

6 UNFPA (2005). *State of the World Population 2005*. Chapter 3: “The Promise of Human Rights”. Available at: <www.unfpa.org/swp/2005/english/ch3/index.htm>.

7 Committee on Economic, Social and Cultural Rights (2001). *op cit.*

variations contingent upon what resources are available, they have to do with the right that all people have to a decent life.⁸

...a State party in which any significant number of individuals is deprived of essential foodstuffs, of essential primary health care, of basic shelter and housing, or of the most basic forms of education is, prima facie, violating the Covenant. Such minimum core obligations apply irrespective of the availability of resources of the country concerned or any other factors and difficulties.⁹

The international community also has a responsibility to provide support and solidarity for the implementation and promotion of human rights. Aid in the fight to eradicate poverty does not constitute a gift from the richest countries to the poorest, it is a political responsibility.

In the international system there are declarations in various fora and organizations, and the CESCR declaration is just one among many. However, there is no agreed, exhaustive and comprehensive definition of poverty that involves a commitment to action.

The 1995 Declaration of the World Summit on Social Development was one of the first international declarations with a multi-dimensional focus that was signed and ratified by governments from all over the world. Paragraph 19 of the Summit's Programme of Action affirms:

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life.

In recent decades we have witnessed the application of global remedies in which poverty is spoken of not as a social phenomenon but as if it were an intrinsic attribute of specific individuals. Another factor here is that poverty is basically identified with lack or insufficiency of income, and while it is true

8 These concepts were widened by a group of experts in a document that determines what action or omissions constitute a violation of economic, social or cultural rights, and which stresses the importance of distinguishing lack of capacity from lack of will on the part of the State to fulfil its obligations under international treaties. "Masstricht Guidelines on Violations of Economic, Social and Cultural Rights", Maastricht, 22-26 January 1997.

9 *Ibid.*

TABLE 1. The number of countries by percentage of the population living in poverty (the USD 1, USD 2 and national poverty lines)

POVERTY LEVEL	USD 1 PER DAY	USD 2 PER DAY		NATIONAL POVERTY LINE
Less than 2%	33	10	Less than 20%	14
From 2% to 9%	14	14	20% to 29%	17
From 10% to 24%	21	15	30% to 39%	20
From 25% to 49%	14	20	40% to 49%	16
50% to 74%	10	16	50% and over	18
75% and over	3	20		
Countries with information	95	95		85

Source: World Development Indicators 2006 on line. The World Bank <www.worldbank.org>.

that level of income is a major determinant factor, it is not the only factor. In a multi-dimensional focus, income is seen as relative. For one thing, poverty of income cannot be used to identify other dimensions of the concept of a decent life that are not connected to monetary income, so income alone cannot yield an accurate estimate of access to material goods and services. To consider the satisfaction of needs only from the perspective of the consumption of goods and services that are purchased for money is to overlook access to other goods and services that are provided outside the market by the State, NGOs or at home. In many communities there are other ways of exchanging goods and services, ways that do not involve money. The importance of monetary income is associated with specific patterns of modern life and well-being, but it can vary considerably from one community to another.

From the income perspective, a person is defined as being poor when his or her income is below the threshold that is considered the minimum to satisfy specific needs and wants. The method of using an income threshold can be based on a poverty line that is relative or absolute.¹⁰

A specific level of income determines whether we regard an individual as poor or not poor. Depending on the standards used to quantify income poverty, an individual may be poor in the national sphere but not poor according to an 'international' definition, or vice versa, while his or her conditions of life are still the same.

Identifying whether someone is poor or not poor 'defines' who will benefit from most poverty eradication policies. In 2000 the first Millennium Development Goal (MDG) proposed to "eradicate extreme poverty and hunger in the world", and to

10 The **relative poverty line** is fixed in such a way that a person is considered poor if his or her income is lower than the average or the mean or some other statistic that depends on the distribution of income across people in a society. The **absolute poverty line** is established in a way that reflects the amount of money needed to have a minimum level of life, and does not depend on income distribution.

this effect poverty was defined by income: an individual is considered poor if he or she lives on less than USD 1 per day.

Although practically every government in the world is committed to the first MDG, it is almost impossible to evaluate what progress has been made in most countries. The basis for making diagnoses and for implementing measures to combat poverty is information, but unfortunately this is a scarce commodity. Indicators are only available for a relatively small number of countries, and those that are available are not always up to date. Estimates for regions and for the world have to depend on a whole series of suppositions, and the figures they arrive at mainly have to do with the numbers of people who are poor. This means they tend to ignore other aspects of the phenomenon like how many countries are reducing or increasing the percentage of the population (not even the number, just the percentage) living in poverty.

Every year Social Watch publishes a poverty and income distribution table ("The present situation of poverty in the world") that is based on the little information available from international data sources. This table shows just some of the indicators used to measure the situation of countries as regards income distribution among the inhabitants and the proportion of the population living in income poverty.

It is estimated that at the present time there are more than one billion people living on less than USD 1 a day, which is defined as extreme poverty or indigence.¹¹

We have information about how many people live on less than USD 1 or USD 2 per day for only 95 countries. Of these, there are at least 13 in which more than half the population have to live on less than USD 1 per day. If we take USD 2 per day as the line there are at least 36 countries in which more than half the people are living in poverty, and in 20 of these more than three quarters of the population have a daily income of less than USD 2.

11 World Bank (2006). *World Development Indicators 2006*.

These poverty lines have been legitimized internationally on the assumption that they make it possible to identify the most critical situations, compare different countries, and decide where the main weight of international aid should be sent. However, in different countries poverty is analyzed using different parameters which are national poverty lines, and these are a more suitable approach since they take account of the context of the society in which poor people live.

For the national poverty line indicator, information is available for only 85 countries. In 18 of these more than 50% of the population live below this poverty line.

According to United Nations estimates, the number of people in extreme poverty has fallen by approximately 200 million since 1990. However, this reduction has been concentrated in only a few countries. If China is excluded from the estimates the panorama changes dramatically and it emerges that over the last 12 years the number of people living in extreme poverty in the world has fallen by a mere 9 million.¹² If India (where poverty has decreased over the period) is also excluded from the calculations we find that the number of poor people in the world has not gone down at all, in fact it has risen.

Between 1990 and 2002 the number of people in the world living on USD 2 a day fell by 40 million, but there are still 2.6 billion people on the planet who have to survive on this amount or less.

According to the latest World Bank estimates,¹³ if the developing countries maintain their current rates of growth until 2015 there would still be 600 million people living on less than USD 1 per day.

Using the United Nations time series data on the percentage of the population living on less than USD 1 per day¹⁴ we can follow the evolution of this indicator for the limited number of countries for which there is information for the 1990-1994 and 1999-2003 periods.

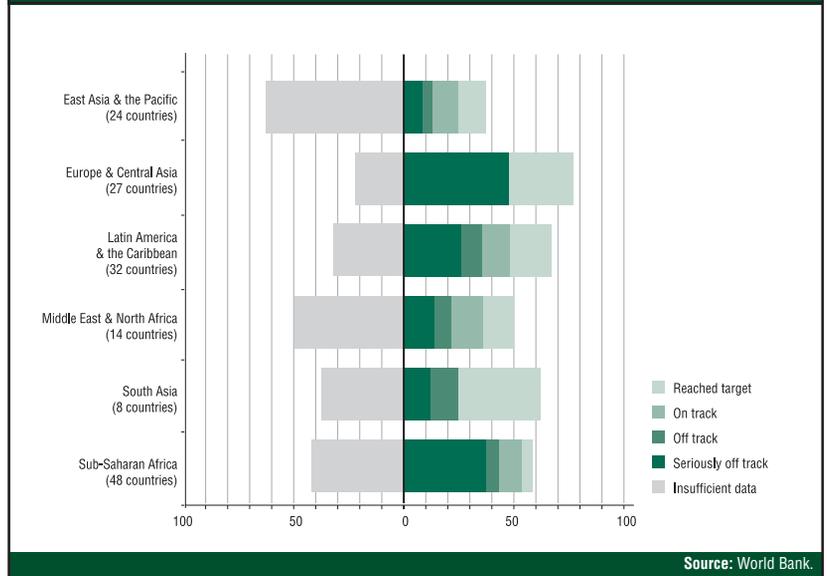
The conclusions are not encouraging. The number of countries that have managed to reduce their poverty percentages over the period is about the same as the number (25 countries) in which the proportion of poor people has increased. There are 13 countries that have the same percentage, or only slight differences, for the two periods, and in most of these only 2% or less of the population are critically poor. However, there are three cases in which poverty has stagnated at very high levels (Bangladesh 36%, Uganda 85% and Zambia 64%).

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ United Nations Statistics Division. Millennium Development Goals Indicators. Available from: <mdgs.un.org/unsd/mdg/Default.aspx >.

CHART 1. Share of countries on track to achieve the poverty reduction target by region



The World Bank makes an evaluation of the possibilities that countries (for which information is available) have of achieving the first MDG. This estimate is based on these countries' rates of progress in these years.

As can be seen in Chart 1, the prospects of achieving the first of the MDGs are far from good. The information that is available makes up a worrying panorama in which few countries will have actually cut extreme poverty by half by the end of the 1990-2015 period. In some regions, especially sub-Saharan Africa, the percentage of countries that will be able to reach this target is minimal. The countries of Europe and Central Asia fall into two clear groups. On the one hand there are those that have already reached this objective, and on the other hand there are countries, mostly in south-east Europe and the Community of Independent States, that fall a long way short of the target.

Another conclusion can be drawn from Chart 1: there is simply not enough information available to make reasonable evaluations. For some regions we do not have data for more than half the countries, and this means that any global evaluations that are made involve a wide margin of uncertainty.

The distribution of resources must be promoted through measures that are universal and focalized. The rationale of social policy should not be limited just to the fight against poverty. If a state focalizes its programmes only on people living in extreme poverty it will not be tackling the problem in its entirety, and this can lead to more people beginning to slide into poverty. ■

However, as we pointed out at the start of this article, to base the concept of poverty and inequality only on income is to adopt a narrow focus that makes it impossible to evaluate the real magnitude of these problems in the world. ■