

# Towards a New Global Anti-Poverty Agenda: Wider Vision, Broader Instruments

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## Speaker Notes

### Introduction

- Appreciation for invitation to participate in this High-level Panel Discussion.
- For the purpose of my discussion, I take the Secretary-General's report to this 49<sup>th</sup> Session of the Commission on poverty eradication as my starting point. Similarly, I will like to note the important interventions of various United Nations' bodies or structures in 2010 to the debate around poverty and poverty eradication. The UNDESA 2010 World Social Situation Report, *Rethinking Poverty*; the flagship report of the UN Research Institute for Social Development, *Combating Poverty and Inequality*; and the UNDP 2010 Human Development Report, *The Real Wealth of Nations*, represent important milestones in framing a new global anti-poverty agenda.
- **Yet, there remains significant dissonance between what we know about poverty and how we act or the targets we set at the global level.** My concern in this presentation is to put on the agenda the need to close this gap. I will structure my discussion around five themes.

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### DISCUSSION:

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First is **the highly problematic nature of the current 'global consensus' that makes abject poverty the focus of policy attention and intervention.**

- a) While MDG-1 is generally understood as a call to end poverty and hunger, the specific target set speaks to reducing by 50%—between 1990 and 2015—"the proportion of people whose income is less than \$1 a day." In today's terms that will be US\$1.25 (with local equivalent amount in purchasing power parity terms). I live in a small town in South Africa, this would amount to R8.96 per day. A loaf of white bread costs between R7.99 and R8.49.
- i) Even by Seebom Rowntree's standard (who pioneered quantitative study of poverty, and used very restrictive terms) the idea that we can set a target of R9 per day as a measure of successful anti-poverty agenda **is highly problematic.** Rowntree's idea of "the minimum necessities of merely physical efficiency" includes food, clothing, housing, and heating.

- ii) In my small town, the equivalent of R270 per month (which would take everyone above the US\$1.25/day benchmark and suggest that we have met MDG1(a)) may eliminate hunger but the person will have to be naked, homeless, and die of hypothermia by mid-July, when our winter is most severe. I am assuming that eating a loaf of bread and three cups of water eliminates hunger, but hardly malnutrition. And if you are of a 'Malthusian', cold conservative bent, you can argue that by August poverty level would have fallen in my small town—death by hypothermia. I have used this case to illustrate a simple point: **even for a measure of destitution living below that condition must be grim, indeed.**
- iii) Furthermore, this target conflicts with one of the most basic of the post-1945 global agenda, the 1948 Universal Declaration of Human Rights.

Article 25 (1) states that "Everyone has the right to a standard of living adequate for the health and well-being of himself (sic.) and of his (sic.) family, including food, clothing, housing and medical care and necessary social services".

- b) While we often talk of poverty (set at US\$2.50 a day), the slippage that results in substituting extreme poverty for poverty is very common.
- c) Even if we all agree that the focus should now be on poverty—as broadly defined as we can—I would suggest that a broader vision of human existence requires that we pay attention to the "Precarious Non-Poor", in other words, those above the poverty line but are so close to it that any shock pushes them into poverty, swelling the ranks of the poor.

Not paying attention to this category creates an illusion of prosperity or achievement of poverty reduction targets. The proportion of a society lives within this band is extremely important in human and policy terms. The severity of the deleterious impact of structural adjustment policy programmes in most African countries is, in part, because a significant proportion of our population were in this category: the *Precarious Non-Poor*.

*Between 1981 and 2001, 134 million people dropped below the poverty line, putting the total number of people living in poverty (US\$2.15 a day poverty line) at 516 million or 77 per cent of the population [...] The proportion of the population living in absolute poverty (less than US\$1.08 per day) in the reference period was... 46 per cent or 313 million, up from 45 per cent a decade earlier or 227 million; an increase of 86 million people. [Adesina 2007:2]*

Public provisioning in health and education was a major factor in supporting them and others in society. Pull these away, damage the economically productive capacity of the economy and people, and we ended up in a situation where between 1981 and 2005, an additional 176 million people fell into destitution, bringing the total to 388 million people.

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**Second is the framing of anti-poverty strategies in the context of the new consensus around "social protection."** In societies where the poverty rate is, say, less than 10% we can address poverty by focusing on redistribution

strategies—conditional or non-conditional. However, in societies where the proportion of people living in poverty is of the order of 50% and 75% a fundamental component of poverty-reduction strategies **must be about raising the productive capacity of society, underpinned by social policy norms of equality and solidarity.**

- a) Even so, I will argue that contrary to the emerging consensus around 'social protection' the historical evidence of successful poverty reduction—and these includes the historical experience of Europe—is this: the 'redistribution' and 'protection' objectives of Social Policy operated hand-in-hand with its **production** objective. The most successful cases employed 'encompassing' social policy agenda that was grounded in the norms of equality and solidarity.
- b) The norms that frame the social policy **MUST** also frame economic policy. You cannot have a social policy that speaks the language of solidarity and seeks redistribution when the economic policy is pulling in the **opposite direction**. The current reluctance to confront, head-on, the dominant macro-economic policies of the last 30 years, which privileged "deregulated" market and its transaction logic risks undermining the global agenda of poverty eradication. When the normative premise of economic policy is highly individualistic and inequality-deepening, regardless of the intentions behind them, social protection instruments will be residual and attend to market failure.

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Third, the evidence is quite overwhelming about the significance of **focus** in successful anti-poverty strategies: **the more we focus (social policy intervention) on the poor the less likely we are to reduce—much less eliminate-poverty.**

- a) The poverty of poor-centric discourse is because:
  - i) They leave the poor at the mercy (the generosity) of the non-poor (Korpi and Palme 1998).
  - ii) Services for the poor tend to be poor-services (Deacon *et al* 2005).
- b) The reason of (a) above is simple: sustainable anti-poverty strategy requires focusing on the whole population not simply the poor. Why?
  - i) It builds social compact of an 'encompassing social policy' (Korpi and Palme 1998), which ropes in the middle classes and the organised class-based social movements (**not** NGOs).
  - ii) You avoid resentments of those whose tax funds social protection for the poor **but** who themselves do not benefit from it.
  - iii) The middle class and the organised social movements, with voice in society, ensure increasingly high quality of service because they are more demanding in terms of the services they get, which percolates to other users of such social services. Further, their voice ensures strong advocacy for the social policy instruments that have the overall effect of reducing poverty.

- iv) Over time, political commitment increases for such encompassing social policy regimes, further reinforcing social cohesion and norms of solidarity in society. In the post-colonial context, this speaks to the nation-building objective.
- v) Social policy framework grounded in social compact are easier to reform when they face challenges (Kangas & Palme 2005).
- c) Finally, we need to overcome the prevailing idea of 'social protection' that assumes that the default position for working people is 'formal' sector employment or that they are 'employees'. This is particularly important for my region, Africa. An implication of this is that a poor-centric "social transfer" approach is not necessarily the most effective or efficient protection against destitution (or vulnerability, broadly). When we take the issue of the dignity of the recipients into consideration, this becomes even more significant for the fabric of society and political governance.
  - i) Seemingly production-focused instruments, such as farm subsidy and the marketing boards, increase production and smoothen the income and consumption of farming households. We have seen this more recently in the case of Malawi, but in several African countries before then (Adesina 2007, 2009). Central to this outcome is support on three fronts: improved farming knowledge, improved inputs (infrastructure, farming inputs, and financing through cooperative banks), and downstream support with produce-marketing, which reduced transaction costs for individual farming households. There is no reason why similar but suitable instruments cannot be developed for urban small and medium scale producers.
  - ii) Universal social investment and provisioning in healthcare and education reduces both temporal and inter-generational vulnerability, while enhancing economic development.
  - iii) Social transfers that work are often components of much wider social policy regimes, not single 'magic bullets'. Decomposing the poverty reduction impacts of some of the celebrated 'conditional cash transfer' schemes shows the impact of wider social and economic interventions.
  - iv) Much of the 'evidence' advanced for some of the celebrated non-conditional cash transfer schemes in Africa, for instance, rests of very low threshold of 'evidence'. In most cases, the amount in social transfer is less than the local equivalent of the threshold for destitution (US\$1.25/day) (Adesina 2010).

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**Fourth, and related to the third point above, is that successful anti-poverty strategies employ social policy frameworks and instruments that deal with social vulnerability *ex ante* not after the fact.**

- a) The focus is not only on economic growth but economic development, which involves structural transformation of the economy and a distribution of the benefits of development in a way that reduces inequality.

- b) Linking economic development with social policy regimes ensures a mutually beneficial and virtuous circle of interconnection.
- c) Mkandawire (2007) has demonstrated that such broader objectives and social policy regimes produce better social outcomes, generate greater market efficiency (labour market being one), and reduce cost of economic activities.<sup>1</sup>
- d) It is the context of such economic development and social policy that poverty reduction is not simply about the money-metric measure of the minimum level of 'physical efficiency' but an upward movement in ensuring, in the words of the African anti-colonial movements, "a better life for all." Or, in the words of TH Marshall (1963:74), guarantee "the right to a modicum of economic welfare and security [and...] the right to share to the full in the social heritage and to live the life of a civilised (sic.) being according to the standards prevailing in the society."

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**Finally, sustainable anti-poverty agenda requires a broader vision of social policy.**

- a) Social policy that is transformative requires instruments that simultaneously tap into its **multiple objectives**: Production, Protection, Reproduction, Redistribution, and Social Cohesion or Nation-building. There is no evidence that mono-tasking social policy has ever been successful in reducing poverty; in other words the prevailing emphasis on one objective (protection) often to the exclusion of the other objectives.
- b) The transformative agenda is not simply about protection from vulnerability or destitution; it is about broader economic, social, and political transformation.
- c) Central to the broader above is the imperative of understanding that social policy instruments are **never** gender neutral, and that the norm of equality and solidarity is not only between the 'significant individuals', classes, or across regions; it is fundamentally between the sexes as well.

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<sup>1</sup> Please note that I have not used the phrase "the cost of doing business"; economic activities go beyond simply 'doing business.'

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