CONFRONTING FAMILY POVERTY AND SOCIAL EXCLUSION

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United Nations
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Distribution of World Income: Development for Whom?

Global Income Distribution by Countries, 1990-2007 (or latest available)
in PPP constant 2005 international dollars

Source: Ortiz and Cummins (2011) UNICEF
Children and Youth at the Bottom

Global Income Distribution and Children/Youth in 2007
in PPP constant 2005 international dollars

Source: Ortiz and Cummins (2011) UNICEF
Historical Perspective: Income Inequality Increasing

<table>
<thead>
<tr>
<th>Year</th>
<th>Gini</th>
</tr>
</thead>
<tbody>
<tr>
<td>1820</td>
<td>43.0</td>
</tr>
<tr>
<td>1850</td>
<td>53.2</td>
</tr>
<tr>
<td>1870</td>
<td>56.0</td>
</tr>
<tr>
<td>1913</td>
<td>61.0</td>
</tr>
<tr>
<td>1929</td>
<td>61.6</td>
</tr>
<tr>
<td>1950</td>
<td>64.0</td>
</tr>
<tr>
<td>1960</td>
<td>63.5</td>
</tr>
<tr>
<td>1980</td>
<td>65.7</td>
</tr>
<tr>
<td>2002</td>
<td>70.7</td>
</tr>
</tbody>
</table>

Counting the Poor: Beware of statistics

Indonesia 1996: Sensitivity of poverty headcount (% people below poverty line) using different poverty lines

A few cents = millions of people below poverty line

<table>
<thead>
<tr>
<th>POVERTY LINE IN US$ per person/day</th>
<th>POVERTY LINE Equivalent US$ per person/month</th>
<th>POVERTY LINE Equivalent Rupiah per person /month</th>
<th>HEADCOUNT POVERTY (% population below poverty line)</th>
<th>MILLIONS OF PEOPLE BELOW POVERTY LINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.27</td>
<td>8.38</td>
<td>62,870</td>
<td>9.75</td>
<td>22.0</td>
</tr>
<tr>
<td>0.29</td>
<td>8.80</td>
<td>66,021</td>
<td>12.10</td>
<td>26.1</td>
</tr>
<tr>
<td>0.30</td>
<td>9.22</td>
<td>69,165</td>
<td>14.55</td>
<td>31.4</td>
</tr>
<tr>
<td>0.32</td>
<td>9.64</td>
<td>72,309</td>
<td>17.40</td>
<td>37.6</td>
</tr>
<tr>
<td>0.33</td>
<td>10.06</td>
<td>75,452</td>
<td>20.18</td>
<td>43.6</td>
</tr>
<tr>
<td>0.34</td>
<td>10.47</td>
<td>78,596</td>
<td>23.03</td>
<td>49.7</td>
</tr>
</tbody>
</table>

But poverty is beyond a few cents...
UN Multidimensional Poverty: The need for public investment in all areas is overwhelming
Multidimensional Child Poverty

Multidimensional Child Poverty and Income Poverty: A Country Comparison

Source: UNICEF 2011
Challenges: Women and Girls’ Inequalities

- Women deliver babies and take care of household members.
- In developing countries, where most of the poor are, women work far longer hours than men, and often sacrifice education.
- Women produce between 60% and 80% of food in most developing countries (80% to 90% in Sub-Saharan Africa).
- Women are half of the world’s population, their unpaid work, discrimination, lesser access to education and decision making - are obstacles to poverty eradication and equity.

Challenges: Unemployment

- Jobless growth before crisis.
- Jobless recovery.
Challenges: Employment

Youth employment-to-population ratio, by region, 1991 to 2011

Source: ILO 2010
Challenges: Ethnic Disparities

Thailand

Figure 5. Thailand: Children experiencing severe deprivations by wealth quintile and ethnicity

- Children experiencing at least 1 severe deprivation
- Children experiencing at least 2 severe deprivations

Source: UNICEF Global Study database
Challenges: Rural-Urban Inequalities

Morocco
Challenges: Cumulative Impacts of Food, Financial and Economic Crisis

(Jan. 2007=100)

Source: FAO 2011, UNICEF calculations
Challenges: Governments Contracting Public Expenditures as part of Post-Crisis Fiscal Consolidation 2010-11

Projected Change in Total Government Expenditure
(in percent of GDP, 2010-11 ave. over 2008-09 ave.)

United Nations: Poverty Eradication for Families Requires A New Paradigm

- Economic decisions are taken without considering their social impacts; if negative impacts, these may be mitigated but social progress cannot be achieved by this approach.
- Mainstreaming EQUITY in international, regional and national decision-making is fundamental to reduce global imbalances and support the majority of families.

Some points from UN National Development Strategies Policy Notes and examples of work of UN agencies in following slides.
# Bringing Equity to the Development Agenda

<table>
<thead>
<tr>
<th>1980s-90s Orthodox Policy Advise</th>
<th>New Paradigm: Development for All</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗ Growth priority through deregulation, free markets, minimalist governments, residual social policies</td>
<td>➢ Growth and equity through active promotion of national development. Social and economic development integrated</td>
</tr>
<tr>
<td>✗ Anti-inflationary measures as core monetary policy</td>
<td>➢ Accommodating macroeconomic framework; eg employment targeting instead of inflation targeting</td>
</tr>
<tr>
<td>✗ Fiscal balance/discipline, minimal taxation</td>
<td>➢ Fiscal space for development and redistributive purposes</td>
</tr>
<tr>
<td>✗ Cuts in public expenditures, avoiding fiscal deficits</td>
<td>➢ Public investment for development</td>
</tr>
<tr>
<td>✗ Export-led growth</td>
<td>➢ Developing internal/domestic markets, selective export policy</td>
</tr>
<tr>
<td>✗ Privatization of public assets services, minimalist government</td>
<td>➢ Building state capacity to promote development, public investment, technology policy</td>
</tr>
<tr>
<td>1980s-90s Orthodox Policy Advise</td>
<td>New Paradigm Development for All</td>
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<td>------------------------------------------------------------------------------------------------</td>
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<tr>
<td>✗ Residual social policies – a cost (minimal, <em>targeted to the poor</em>), safety nets</td>
<td>➢ Social Policies as an investment. Universal policies (for all), redistribution back in the development agenda</td>
</tr>
<tr>
<td>✗ Commercialization of social services, cost recovery (fees for services)</td>
<td>➢ Public services, eg UNICEF School Fee Abolition Initiative; UNRISD, other UN agencies</td>
</tr>
<tr>
<td>✗ Labor flexibility, productivity</td>
<td>➢ ILO Decent work agenda</td>
</tr>
<tr>
<td>✗ Human Rights: endorsed but not implemented</td>
<td>➢ Empowering people through rights and standards (all UN agencies)</td>
</tr>
<tr>
<td>✗ No interest for culture and values (intangible)</td>
<td>➢ Important for tackling exclusion, discrimination (UNWOMEN, UNFPA...)</td>
</tr>
<tr>
<td>✗ No attention at sources of conflict</td>
<td>➢ Conflict prevention (UNDP)</td>
</tr>
</tbody>
</table>

The case for Equity: Good for Families, Good for Growth and Political Stability

- Social Justice
- But equity also contributes to growth:
  - Inequality is economically inefficient / dysfunctional
  - Consumption concentrated in top income deciles in all countries
  - 2011: Depressed world markets, lack of demand, excess capacity
    Questioning export-led model, surplus cannot be absorbed by world markets. Need for domestic markets as a development strategy.
  - Raising the incomes of the poor increases domestic demand
  - And enhances human capital and productive employment

- And equity builds political stability
  - Poverty and gross inequities tend to generate intense social tensions and violent conflict
  - Social benefits ensure the political/electoral support of citizens
Employment-generating Growth for Families

- Poverty eradication requires macroeconomic policies that support employment-generating growth and structural change
- Industrial and agricultural policies, infrastructure
- Financial services for real economy growth + branching out to local level, promoting SMEs, family business, cooperatives
- Reduce vulnerability to shocks, including commodity prices
A Social Protection Floor for Families

- A social protection floor below which nobody should fall
- Universal access to
  - Essential social services (health, education...)
  - Social transfers (old-age pensions, child and disability benefits...)
- All countries have some form of social security but few provide a basic social floor for all

- Families to receive support - children, older persons, persons with disabilities, all family members
Social Inclusion and Empowering People

• Addressing discrimination, prejudice, abuse, lack of voice, powerlessness
• Values matter: tolerance, non-violence, solidarity, respect for diversity

The Case for Tackling Sources of Conflict

• Importance of early warning, voicing grievances, dispute resolution
There is national capacity to fund social and economic development even in the poorer countries. This may require moving away from orthodox approaches. Main options:

- Improved taxation
- Reprioritization of expenditures
- External financing and debt relief
- Domestic borrowing
- More accommodating macroeconomic framework (e.g., tolerance to some inflation, fiscal deficit)
- Fighting illicit financial flows
- Use of reserves for national development
A Social Protection Floor is Affordable:
Estimated cost for package of basic transfers: old-age and disability pensions, child benefits, unemployment support

Source: ILO 2008
It Can Be Done: Remember that Not Long Ago

There were children working in England’s mines and factories…

...Spanish low class emigrants going to Latin America in search of employment…

... poverty was widespread in the US or South Korea…

...and in South Africa’s apartheid
ERADICATING POVERTY IS OUR GENERATIONAL DUTY

Thank you

iortiz@unicef.org

Based on work by UNICEF, UNDESA, UNDP, ILO, UNWOMEN, UNRISD, FAO, WHO, UNESCO, UNFPA, and other UN agencies