

# **Ending world poverty in the 21<sup>st</sup> century**

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My theme is deliberately related to the future of statistics. Increasingly, the language of anti-poverty programmes in locality, nation and across the world is the production of new statistical indices. The art of statistical production, management and reproduction is still insufficiently self-conscious, insufficiently reflective of control, and insufficiently astute to knowingly contribute to alternative big pictures.

Locally, councils resort increasingly to statistical representations of their programmes, services and intentions. Some reports are models of professional presentation. However, there are tired copy cat operations: too little collaboration in common cause to explain and perhaps confound central control - and very little attempt to review trends and potentialities.

Nationally, the Royal Statistical Society is still properly concerned to see a truly independent statistical service established. The National Audit Office is a partial corrective to the vested statistical interests of Government departmental research programmes and statistical services. The research foundations are less of a force for independence than they once were, partly because of market changes, and partly because of the partnerships constructed between business and political parties in the last two decades. For reasons of sponsorship, control and the displacement of long-term contracts and tenure, academic criticism of national statistical reports is muted or non-existent. In particular, the annual surveys of nutrition, family expenditure and income and wealth attract nothing like the critical scrutiny they deserve.

Internationally, the pattern is becoming more diverse but increasingly standardised. The different international agencies have distinct styles and subject matter but, with relatively minor variations, observe a standard ideology. They invite comparison and analysis, not only for what they say but why truths and falsehoods are so highly coloured and for what they do not say. Someone, somewhere, should issue a mercilessly critical audit of what these agencies produce.

There is a proliferation of reports with overlapping information about development – from the UN, UNDP, UNICEF, World Bank, OECD, IMF – the list is long. No one should underestimate the scale and influence of their work. For example, the latest list of World Bank reports and country studies to be published by the Stationery Office includes 205 items. The expertise is impressive, and is difficult to match. However, interpretation of progress, and of the kind of programmes required to meet crises that are offered by these organisations seem, with only small variations, to sing the same tune. The international agencies have substantial resources. By comparison, outside independent organisations and research workers with critical views are widely scattered, and have meagre resources to develop and substantiate their ideas. Academic, scientific and NGO collaboration is now becoming a really big future issue.

In raising the level – and perhaps the temperature – of statistical discussion of world poverty, there are major contributions to be made. Something has to be done to relate sample and area information of a representative kind to the superficial and often unreliable accounts derived from indices compiled from national censuses. Something also has to be done to expose the sham of the World Bank's dollar a day measure of poverty for Africa, two dollars a day for Latin America and four dollars a day for the so-called transitional economies (see, for example, Townsend, in Gordon and Pantazis, 1997, and Clarke, 1998, forthcoming). The UNDP has added to the irony by taking the US measure of 14.4 dollars a day to apply to the industrialised countries (UNDP, 1997, pp. 13 and 32-33).

### **The dual style of the approach to the statistics of poverty**

Progress has to be made on concepts, operational definition and measurement, explanation and policy packages. More than ever before, statisticians have to become good generalists and internationalists as well as specialists. It is like wearing two hats, one in conformity with the limited role which is assigned, but the other to pursue alternative presentations, deeper meanings, explanations and modes of analysis inspired by the subject matter – and which truly establish the context in which far better specialised work can be produced.

Let me therefore discuss policies – not just the orthodox contemporary policies – some would call them 'counterfeit' policies – of the neo-liberals in the IMF or OECD – but the alternative policies to which any sensitive analysis of world problems points.

There must be international and national policies which make a positive contribution to alleviate poverty. Across the world, structural changes in taxation and benefits need to be embarked upon to give gains to the population. There is wide consensus about green policies which, far from leading to unacceptably high costs, reduce inequalities and improve the quality and standard of life and produce jobs. Again, the 'welfare to work' debate in the UK is only half a debate. It is more about opportunity to work, instead of the amount of work and the kind of jobs which need to be created. Some issues are politically contentious and some are not. Millions of jobs could be created in Europe. Contemporary objectives should revert to full-employment and planning. The growth of the economy should move in a more labour intensive and socially desirable way. Too few latch on to the implications of current trends towards privatisation – power and control being transferred uncritically and without forethought into the private sector.

### **The European Social Policy Forum**

The objective of the European Social Policy Forum, held in June 1998, is to build on the particular strengths of European society and develop a new strategy to maximise productive and satisfying work at European, national and local levels. Part of this assignment will be for the EC and member states to inspire effective and responsible forms of market competitiveness, reduce unemployment, materially recognise unpaid work and service, promote full employment, appraise and redefine the desirable balance between private and public sectors of the economy, and between private and public services, and put in place new systems of welfare to strengthen incentives to work, encourage individual savings behaviour and enhance individual well-being (see the EC introductory paper issued to those attending the Forum on "The Future World of Work").

A new pact or contract of social employment could be formulated and implemented, and should draw on the Copenhagen Agreement for social development, signed by 117 heads of state, including those of Europe (UN, 1995). A list of recommendations to create jobs, support self-help schemes and small businesses, strengthen both public and

private employment services, enhance the quality of work and achieve "a broader recognition and understanding of work and employment", including "unremunerated work", could be drawn up in each country (European Commission, 1998).

The 'threat' of globalisation to the future of work and employment must not be overemphasised. However, the full employment goal must be related to realistic analysis of trends in officially defined, but also alternatively measured, unemployment. Official unemployment in the OECD and EC countries in the 1990s is approximately double what it was in the 1960s. In the EC it was 3.7 per cent in 1975, 9.9 per cent in 1985 and 10.8 per cent in 1995 (European Commission, 1996, p. 40). The rate is expected to grow rather than fall.

### Investment in jobs

Investment in jobs must have higher priority. Research on environmental protection and resource conservation measures, for example, suggests that, far from leading to unacceptably high costs, redundancies, job losses and firms being driven out of business, these measures provide realistic opportunities for increasing job numbers and enhancing industrial competitiveness and efficiency. It is estimated that half a million jobs directly, and another six million indirectly, could be created in Europe. Five areas are listed: waste reduction and the re-use and recycling of materials; renewable energy sources; energy conservation and efficient use; organic farming and public transport. The 1997 Kyoto Conference revealed the strength of opposition on the part of some leading multinationals. However, there is evidence in the 1990s of the growing influence of environmentalism in some corporations.

This will bring a new need for skills and training. At least six sectors where training should be expanded have been identified: industrial pollution control; environmental control in agriculture; environmental management control in the public sector; water management; solid waste management; and amenity development.

There have been strong efforts to include the valuation of unpaid work in national economic statistics. The need to measure and value this work was first publicised as a common concern for both developed and developing countries at the first International Women's Conference in Mexico City in 1975. In measuring unpaid work, some organisations have begun the important task of challenging Gross National Product

as the best measure either of real economic growth or sustainable development and replacing it with a more meaningful measure of human productive activity.

### Reorganising the public and private sectors

At the 1995 Copenhagen World Summit, attention was drawn sharply to the need to establish "an economically and socially responsible private sector" and to "rehabilitate the state, the public service and the political process". Yet privatisation has gathered pace since then.

In 1996, privatisation produced US \$88 billion world wide. This represented an increase of 21 per cent since 1995 and 37 per cent since 1994, when the figure was \$64 billion (Privatisation International, 1997). During two months of 1996, for example, \$28 billion was raised by nine governments, in seven cases exceeding \$1 billion. Europe's biggest-ever privatisation is included (the share issue of \$13.3 billion Deutsche Telekom).

Several European countries are planning sales of considerable value - Italy \$20 billion, France \$11 billion, Spain \$8.6 billion and Germany \$5 billion. In Eastern Europe and Russia, there are proposals to sell national gas, oil, copper and pharmaceutical companies and, in the case of Hungary, the state-owned former foreign trade bank.

### Trans-national power

The process is one engineered by market mergers and the accelerating growth of trans-national corporations. Inequality between rich and poor countries, but also *within* most countries, whether rich or poor, has been growing, as testified in a variety of reports (reviewed in Townsend, 1998, forthcoming). One primary cause has been the depression of low wages and loss of employment - through deregulation, cuts in public expenditure and in personal income taxation, privatisation and the extension of world trade. The various World Bank and IMF policies around the world of structural adjustment, liberalisation and sustainable development are inter-connected. Three hundred trans-national corporations now account for 25 per cent of the world's assets. The annual value of the sales of each of the six largest trans-national corporations, varying between \$111 and \$126 billions, are now exceeded by the GDPs of only 21 nation states. As many as 37 corporations have larger annual sales than the annual GDP of Ireland (Donald, 1997, p. 7). As a result the ranked social

inequality within countries is gradually being converted into the ranked social inequality shared by all countries.

### Effects of privatisation in the U.K.

After 1979, the Labour Party began to withdraw from public ownership. Its opposition to privatisation was low key and promises of returning companies and services to public ownership were given up. Proposals to take other companies or services into public ownership were no longer put forward. In both cases, the costs were believed to be huge. Instead, doubts about the Government's procedures, costs and subsidies in handling privatisation were raised. The problem became one of managing privatisation to get the right results, and no longer one of creating enough state-run industries or services to serve particular public interests and simultaneously provide models for the activities of private sector companies. Perhaps there was insufficient analysis of the outcomes of privatisation in the 1980s and 1990s for producers and consumers or the public at large. Independent work has now shown that national assets have been grossly undervalued at the point of sale; incentives for intending shareholders and managerial staff and executive officers have been indecently excessive; and regulatory regimes have been feeble to the point of market-compliance.

The structural argument for privatisation in general seems to have been accepted by default. Certainly the concept and the programme have not attracted the searching scrutiny given endlessly over the years to 'redistribution,' that is, the large number of research reports and books dealing with the benefits and tax systems, the rights of workers, citizens and consumers and equal opportunities by gender, race, age and disability. The intriguing fact is that, even on its own terms, privatisation in the UK cannot be shown to have been an unqualified success. One of the most sophisticated research studies is by David Parker and Stephen Martin in the *Scottish Journal of Political Economy* (1995). They measured total factor productivity in the four year periods before and after privatisation, taking into account the periods before privatisation but after the schemes were announced and during recessions. Eleven enterprises were examined: British Airways, British Airports Authority, Britoil, British Gas, British Steel, British Aerospace, Jaguar, Rolls Royce, National Freight, Associated British Ports and British Telecom. Annual rates of productivity grew faster after privatisation for five of these eleven enterprises, but declined for the other six.

Nor can privatisation be shown to have led to increased economic growth. In the eighteen years before the 1979 election, the growth rate, on average, was marginally greater than it has been since. The Government had unprecedented opportunities to invest and grow since 1979. Few are aware of the scale of receipts from privatisation and North Sea Oil. If they are averaged over 1980-1997, the proceeds from privatisation have amounted to £13 million a day and from North Sea Oil, £22 million a day.

'Efficiency' measurements of some orthodox kind can be undertaken best for manufacturing enterprises but they do not take account of wider economic and social factors like security in the workforce, quality incentives, training inputs and long term stability versus short-term upheaval, or vice versa. Nor do they take account of loss of employee rights, reduced pay and conditions, effects on health, and vulnerability to redundancy.

I have tried to indicate the transformation in "structural" thinking about work and employment that is needed if the right balance is to be struck in the economy between the public and the private sectors. The problem looms larger when we consider public social services, such as residential homes, community care, health and education, and the privatisation that has occurred and is proposed. The reorganisation of productive, and satisfying, social and individual activity is both feasible and desirable.

### The nature of a global anti-poverty programme

Statisticians have a key role in encouraging nation-states and international agencies to honour their gestures towards ending world poverty. By monitoring trends scrupulously, where necessary by developing alternative measures, they can keep reminding governments and international agencies of their grandiose objectives to end world poverty in the next century – or, as specified lately, *halve* world poverty by the year 2015.

Thus, 117 governments signed up to the 1995 Copenhagen agreement to adopt measures for the "substantial reduction of overall poverty and the eradication of absolute poverty," and, accordingly, to draw up national plans to meet those objectives. As argued here, the process is a demanding one which involves shrewd appreciation of political attempts in many countries, including the UK, to cloud concepts like poverty, unemployment and deprivation and avoid scientific advice

about operational definitions and a balanced choice of indicators. Even those who are employed in government statistical services have to call attention to alternative methods and results when honouring employers' instructions. That is a first, if modest, step in encouraging better empirical practice in seeking to achieve agreed public objectives.

International agencies tend to be good on specialised issues affecting individual countries and in mobilising an impressive array of cross-national information. But they are less good at observing the logic of scientific enquiry and in representing scientific investigation and discovery - about the key structural questions of social development, especially when that work constitutes a threat to political precepts. Examples can be found in almost every single agency report. Thus, in its impressive collection of information for its 1997 report on poverty, the UNDP failed to address the fundamental question about how an international poverty line should be constructed, or even to explore means of putting the UN 1995 agreement on "absolute" and "overall" poverty into effective practice. Even in the compilation of indicator information on national poverty and inequality (pp. 53-56) there are no rigorously drawn references to the sources of data nor the widely variable dates to which that information refers. Data for different countries are given only within a range "1980-94." In this case, the year to which data refer is clearly critical.

Was progress on such manifestly central issues of planning to diminish poverty frustrated so as not to offend powerful countries or the proponents of the ruling ideology of economic growth and social development?

I have addressed only a few of the key themes to do with global poverty. Definition, criteria of poverty independent of income, the political diversion of scientific work, the growing influence of the international agencies, the power of the major trans-national corporations, the evolution of regional trading blocs - like the EC and NAFTA - and especially the strategic international and national policies which are at work - all these require much more systematic investigation. Additional themes which have to be re-invented or evoked to build a more effective anti-poverty strategy must also secure our attention. Among them are public service, planning, redistribution and collaborative action by governments, local authorities, national government organisations (NGOs), trade unions, and other national and cross-national campaigning groups. We have reached a turning point in international affairs, and must ask how the remorseless growth of poverty and inequality can be brought to a halt and reversed.

The kind of question which has now to be asked is whether, a hundred years after the foundation of the welfare state, it is being weakened so fast that we have to consider, as a matter of extreme urgency, its replacement by an international welfare state?

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