

CROP newsletter

Comparative Research Programme On Poverty

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INDUSTRIALIZED NATIONS

CONFRONT CHILD POVERTY

By Giovanni Andrea Cornia and Sheldon Danziger

The living standards and social well-being of children throughout the industrialized world improved remarkably between the end of World War II and the mid-1970s. However, child welfare is now at a turning point, most clearly in Eastern Europe, but also in the West. While economic and social progress continues in many domains in many countries, deteriorations in social safety nets have emerged. Uncertainties about the future of the welfare state that has helped protect children and families from the vicissitudes of the economy in the past 50 years raise concerns that the beginning of the 21st century may represent an era of retrogression and inequality.

Damaging Economic and Political Changes

Changes in the global economic environment, especially technological changes, have reduced the demand for less-skilled workers and increased economic hardships. In addition, there are important economic and political effects of the collapse of communism. Its most immediate effect was a severe recession and social crisis in Eastern Europe and the countries of the former Soviet Union that have lowered living standards, increased inequality, and reduced children's well-being quite dramatically.

In the advanced Western economies,

including the United States, the ramifications of these events are still working themselves through the international economic and political systems. Communism's demise has already contributed to political system changes (as in Italy), recessionary trade shocks (as in countries such as Finland that were heavily dependent on trade with the Soviet bloc), frictional unemployment increases associated with reductions in military expenditures (as in California), and large fiscal effects entailing increased taxes and declining real wages (as in Germany, where huge subsidies were required to integrate the former East German economy).

The fall of communism has also undermined public support for governments in general and social policies in particular. Critics of the social welfare state have equated it ideologically with the failed socialist state and have challenged the credibility of policies that rely on the state, rather than the market, to promote social needs.

We do not defend the status quo in welfare states. Indeed, we believe that the welfare state in some countries should become more market-oriented. Nonetheless, the sharp decline in living standards and the rapid increase in poverty in the East following the demise of communism demonstrates that market mechanisms can not, on their own, alleviate poverty.

Public Expenditures for Children Eroding
In the first 25 years following World War II, a combination of government income transfers, labor market policies, and social poli-

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cies regarding public health, education, and child care combined with rapid economic growth dramatically reduced child poverty in most industrialized countries. Since the early 1970s, however, there has been a slowdown in the rate of growth of public expenditure for children, as well as benefit erosion, increasing selectivity, and growing policy biases in favor of other social groups. For example, even Sweden is under pressure to reduce public spending. Its low levels of poverty and inequality are due primarily to its activist labor market policies and generous welfare state programs; but in a period of globalization and technological change, these policies have become too expensive.

Given the broad variations across the industrialized countries of the East and West in economic conditions, the nature of the welfare state, societal norms, and ideological orientations, there are no universal lessons that can be applied in all countries to reduce child poverty. What is feasible in Sweden may be ideologically impracticable in the U.S. and economically impossible in Russia. Therefore, we suggest several key policy agendas for industrialized countries.

Use labor market policies to promote employment. Much of the recent increase in the child poverty rate is due to technological changes that have reduced the demand for less-skilled relative to more-skilled workers and to the increased globalization of the market economies. These changes caused rising unemployment in many high-wage European countries, especially those with less flexible labor market institutions (e.g., France and Germany) and increased work at low wages in economies with less labor protection and more wage flexibility (such as the U.S.).

As a result, most children in low-income families have parents who can not be expected to earn enough to keep their families out of poverty. Thus, active labor market policies are needed to augment the skills of the long-term unemployed, to encourage employment in the private sector, and to

create jobs of last resort when structural unemployment is high. Some countries might increase the minimum wage, whereas others need more flexibility in their labor market institutions.

Strengthen social safety nets. Remarkable progress has been made in most industrialized countries over the last fifty years in the areas of old-age pensions and unemployment compensation. In contrast, implementation of child and family policies has been less complete. In many countries this has contributed to dramatic declines in the birth rate, with the number of people under 20 years of age falling below that of the elderly. Life-cycle events like divorce, birth, or illness of a child are typically associated with a high risk of falling into poverty. Benefits promoting child well-being, such as paid maternity leave, child allowance, ensured child support, and free health care are either non-existent, means-tested, or insufficient in amount.

Change taxation policies. Many countries need to formulate or preserve a comprehensive social welfare policy for children and families. The necessary resources can be obtained by reordering public spending priorities, and in countries where recent tax changes have been regressive and income inequality has increased, through higher taxation of the rich and initiating Earned Income Tax Credit programs for low-income families.

Enhance child support policies. In an era of increased divorce and out-of-wedlock child-bearing, there is also great need for increased private transfers from absent parents (usually fathers) to the custodial parent because, in most countries, single-mother families are among the poorest groups.

Reducing child poverty will be complex
If these policies are to be successfully implemented, families, employers, unions, and governments must all be prepared to make

changes. Families must be willing to work in the market to support their children, and to maintain this support even when marriage status and living arrangements change. Employers must be willing to assume some training costs and to support flexible labor markets and family benefits. In Western Europe, trade unions must be willing to be more flexible in wage negotiations. Governments must be willing to provide basic health care, education, and preschool services, employment-related services such as job training and retraining, and job search, and family leave. Governments must also adopt tax policies that do not discourage employment, and which, when combined with safety-net benefits, do not yield cumulative tax rates that unduly reduce incentives to work.

Even though most advanced economies have experienced similar changes in family structure and in the structure of labor markets during the past two decades, their child poverty rates vary dramatically, from less than 3 percent in Finland to more than 20 percent in the U.S. Differences in public policies and employment rates account for a significant portion of this variation. Our analysis suggests that these differences reflect differing social and political values and choices, not technical economic constraints.

* This point of view is based on the introduction to *Child Poverty and Deprivation in the Industrialized Countries, 1945-1995*, which the authors co-edited for Oxford University Press in 1997.

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**The
International
Glossary On
Poverty
is now available**

CROP ANNUAL REPORT 1998

1998 has been the year where CROP has taken important steps to increase the transfer of knowledge to policy makers, media, the general public and the academic community. Within the CROP network is found a large pool of experts and an enormous amount of information about poverty which ought to reach a wider audience than the academic community. With this in mind new channels of reaching out have been initiated, writes Professor Else Øyen, Chair of CROP, in the CROP Annual Report 1998.

You can read the full report on the CROP webpage at <http://www.crop.org>. Please write to the CROP Secretariat if you want a hardcopy of the report.

editorial

Like all other trades researchers engaged in comparative studies of poverty need good tools to carry out their profession. One of the objectives of CROP is to help construct tools to facilitate comparative research. The first such tool was an overview of researchers and institutions engaged in poverty research. The second tool was a state-of-the-art review of modern poverty research which set out, region by region, the latest hypotheses and results in poverty research. Now the third tool has appeared: an international glossary of poverty definitions, as they are found in studies all over the world.

We have all been wrestling with poverty definitions that are inadequate, unreliable and change content as soon as they are transferred to a new context. The lack of a precise definition which is both valid and reliable and will allow comparisons between groups, cultures, nations and over time is a major obstacle to the progress of poverty research. The new Glossary does not offer the final solution to this predicament. On the contrary, it displays the wide variety of approaches to the understanding of poverty and thereby challenges the dominant measuring of poverty which for too long has added to a stereotyping of the poor as a homogenous mass of economically deprived people.

The Glossary offers a shortcut into the enormous research literature on poverty, as every definition is annotated and so can be found in its original source. To the observant researcher the Glossary widens the choice of tools and stresses the point that the choice of one definition rather than another is likely to have an impact on the study and the ensuing results. To the reflecting researcher the Glossary brings forward the entire complexity of the real world of poverty and forces the acceptance of the fact that the lives of the poor are as manifold as the lives of the non-poor.

The Glossary is unique and the first publication of its kind. It can be seen as the beginning of an open-ended process which will lead to new glossaries with still more entries. During the time it has taken to assemble the many entries new definitions have kept on trickling in, while definitions already established have been altered as new literature has emerged. Also, there is no denying the fact that the mass of entries lean towards a western tradition, mainly because most of the classical studies have been

The CROP Scientific Committee 1999-2000 was appointed by the ISSC General Assembly in December 1998, and now has the following members:

- Prof. Abdel Ghaffar M. Ahmed, ETHIOPIA;
- Prof. Anthony B. Atkinson, GREAT BRITAIN;
- Prof. José Bengoa, CHILE;
- Prof. Ponciano L. Bennagen, THE PHILIPPINES;
- Prof. Julio Boltvinik, Vice-Chair of CROP, MEXICO;
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- Prof. Amartya Sen, USA/BITAIN;
- Prof. Durganand Sinha, INDIA
- Prof. Francis Wilson, Vice-Chair of CROP, SOUTH AFRICA

We welcome them on board and look forward to work with them to further develop the agenda of poverty research worldwide.

NEW PUBLICATION

"Poverty and Social Exclusion in the Mediterranean Area," edited by **Karima Korayem** and **Maria Petmesidou, CROP Publications: Bergen, 1998.** The book highlights crucial dimensions of social and economic disadvantage in various Mediterranean societies and paves the way for a more systematic comparative investigation of poverty and social exclusion in that part of the world. The papers included in the book were first presented at the CROP workshop on *"Poverty and Social Exclusion in the Mediterranean Area"* on Crete, Greece. Price: Norway: NOK 175 (p&p incl.), Europe, USA and Japan: USD 22 (p&p incl.), all other countries: USD 17 (p&p incl.).

ORDER FORM (send to CROP Secretariat, Fosswinckels gt. 7, N-5007 Bergen, Norway, fax: +47 55 58 97 45) PLEASE USE CAPITAL LETTERS

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carried out within a western mode of thinking, and so have influenced later studies elsewhere. However, all readers of the book are invited to come forward with definitions which have not made their way in the

Glossary, so the CROP objective of becoming truly international can become even more visible in the next version of the Glossary.

Else Øyen, Chair of CROP

NEW WORLD REPORTS

The Human Rights Watch World Report 1999 is available from Human Rights Watch, 350 Fifth Avenue, 34th Floor New York, NY, 1118-3299 USA. You can also read the report online at: <http://www.hrw.org/hrw/worldreport99/>

The State of the World Report 1999, published by the Worldwatch Institute, says that the bright promise of a new century is clouded by unprecedented threats to the stability of the natural world. For more information contact Worldwatch Institute, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036-1904, USA, or visit Worldwatch Institute on Internet at <http://www.worldwatch.org/pubs/sow/sow99/index.html>

POVERTY IN EASTERN EUROPE

East Central Europe, an international journal of the social sciences and humanities which focuses on Eastern Europe, has published a thematic round up of their latest volumes called "Old and New Poverty in Post-1989 Central Europe," edited by Julia Szalai. For more information contact Charles Schlacks, Jr., Publisher, POB 1256, Idyllwild, CA 92549-1256, USA.

ONLINE STATISTICS

Poverty related statistics are available free online from various United Nations Agencies, U.S. Governmental Resources and International Organizations. For more information visit the Michigan Electronic Library on Internet at <http://mel.lib.mi.us/government/GOV-stats-international.html>

REMINDER

The CROP/UNESCO workshops "Role of the State in Poverty Alleviation III" and "Best Practices" will take place in Amman, Jordan from 7th to 10th of November 1999.

Deadline for submitting an abstract for either of these workshops is May 15th 1999.

Please contact the CROP Secretariat or visit the CROP webpage, if you have further questions concerning these workshops.

LIST OF CROP EVENTS 1999

March:

18-20: "Poverty and Social Justice in Latin America", CROP/Universidad Iberoamericana, Instituto Tecnológico y de Estudios Superiores de Monterrey workshop, Mexico City, Mexico.

May:

19-21: "Law and Poverty III: Law as a Tool for Combating Poverty", CROP/IISL workshop, Oñati, Spain.

November:

7-10: "The Role of the State in Poverty Alleviation III" and "Best Practices", a joint CROP/UNESCO/MOST workshop, Amman, Jordan.

POVERTY IN AFRICA

The UNDP report "Progress Against Poverty in Africa" states that revitalising economic growth in Sub-Saharan Africa is a precondition for diminishing poverty, but emphasises that more focused efforts are also required. For more information on this report contact UNDP-Africa, One United Nations Plaza, New York 10017, USA, fax +1-212-906-6478. The report can be found on the Internet at <http://www.undp.org:80/rba/pubs/pubs.htm>

POVERTYNET

PovertyNet is an online resource from the World Bank on poverty related problems. See Internet at: <http://www.worldbank.org/poverty/index.htm>

CROP IN BRIEF

CROP is a world-wide network of researchers and experts on poverty. The aim of CROP is to establish an arena for interdisciplinary and comparative research on poverty in developed and developing countries. CROP organises regional workshops, symposia and international conferences, promotes joint research projects and publications, links poverty researchers and disseminates information about poverty research, on a non-profit basis. CROP has developed a database on poverty researchers, and documentation of ongoing research. CROP is chaired by professor Else Øyen, University of Bergen, Norway.

If you wish to have your name listed in CROPnet, you are welcome to write the CROP Secretariat and request a copy of the CROP Database Survey. For further information please contact the CROP Secretariat

WEBPAGE FOR CROP

Those who have an Internet connection and a WWW browser programme installed, find the CROP web page at <http://www.crop.org> The pages hold general information about CROP, news about past and ongoing activities, as well as the latest CROP newsletter.

Please note: We can no longer answer the increased demand for copies of single papers presented at CROP conferences and workshops. However, if you have the patience, most of the papers become available through the publications that follow the conferences and will be duly announced. We still supply the authors addresses, phone & fax numbers.

AT THE CROP SECRETARIAT

you will meet:

Else Øyen, Chair of CROP

Hans Egil Offerdal, CROP Co-ordinator

Einar Braathen, CROP Programme Officer

Inge Erling Tesdal, CROP Executive Officer

THE QUOTE

*"Solidarity with the poor
and with victims of injustice
is what makes us human."*

Martin Sheen, U.S. actor & activist