

CROP newsletter

Comparative Research Programme On Poverty

Vol. 6, No. 4, December 1999

contents

Page 1

**Poverty in
East Germany**
by Richard Hauser

Page 2

**Role of the State in
Poverty Alleviation III**

Page 3

Editorial

CROP/ISSER Workshop

CROP Members

Page 4

Notices

frontiers of poverty research

POVERTY IN EAST GERMANY

*By Prof. Dr. Richard Hauser,
Goethe-University, Frankfurt am
Main, Germany.*

In 1990 German reunification took place. The former German Democratic Republic joined the Federal Republic of Germany and accepted its constitution. At the institutional level the transformation of a socialist economy with centralized economic planning into a western welfare state based on a market economy was done by transferring the entire legal system, the labor laws and the social protection system to the new part of Germany, the so-called new Länder, or for short: East Germany. Annual monetary transfers from West Germany amounting to about 5 % of its GDP are still supporting the economic and social transformation in East Germany. The restructuring of the East German public sector and of the entire economy led to extremely high unemployment. However, a generous early retirement program and the creation of a subsidized "second" labor market limited the increase in unemployment to some extent.

Has this transformation process led to high poverty rates among the East German population? This question refers to relative poverty. Poor in this sense are persons who have to live below a minimum standard that is considered acceptable in the country in which they live. The problem is whether to use the East German average living standard which for a long time to come will be below the West German standard, or to use the present West

German average living standard as a point of reference for defining a poverty line. Different methodologies may create different answers.

There are at least three ways to get empirical information about the living conditions of the poorer part of the population: First, an analysis of the recipients of social assistance, the German means-tested welfare program that provides everybody in need with a monetary minimum benefit. However, means-tested benefits usually have a serious take-up problem. Consequently, this approach misses the very poor who live below the minimum implied by this means-tested benefit. Second, information from large income and consumption surveys, or household panels. These surveys have to be very large so that they comprise a number of poor households sufficient for a reliable statistical analysis. Additionally, they have to contain information not only on income and consumption but also on several other aspects of the living conditions of the households. Otherwise, analyses based on these data are restricted mainly to relative income poverty. Third, information based on interviews of the clients of welfare organizations and of social workers who counsel these clients. The results of this approach have to be carefully evaluated as some of them are not representative of the entire population because of a selection bias. This approach is only possible if there exist welfare organizations that cover a large part of the low income groups.

In Germany there are six big welfare organizations, among them Caritas (catholic) and

CROP Secretariat, Fosswinkelsgate 7, N-5007 Bergen, Norway

A

Post

CROP Secretariat

Ph: +47 55 58 97 39
Fax: +47 55 58 97 45
e-mail: crop@uib.no

<http://www.crop.org>

Diakonisches Werk (protestant), with counselling services that were extended to East Germany a few months after reunification. In 1991 the third approach was successfully used with the clients of Caritas in West Germany. Interview data were gathered from a random sample of more than 4000 clients of Caritas, and of more than 2700 social workers giving additional information about the clients and on their own work. In 1996 this approach was extended to the clients of Caritas and Diakonisches Werk in East Germany. Interviews of 2308 clients who lived in East Germany prior to reunification formed the basis of the empirical results. The main results can be summarised as follows: 12% of the clients of the welfare organizations received social assistance as compared to 2% in the entire East German population. 21% of the clients had an equivalent net income of less than 50% of average net equivalent income of East Germany.

Only 8% of the entire East German residents belonged to the group below 50% of average equivalent income that by the usual definition is considered as income poor. Compared to West Germany, which has about 10-11% of income poor persons among its entire population the share of the income poor among the East German population is lower. But since reunification the share of the income poor in East Germany has tripled, and there are indications that this tendency will continue for some time. On the other hand, a tendency to growing income poverty can be observed in West Germany.

Groups especially hard hit by income poverty are the long-term unemployed, one-parent families who were much better cared for during the socialist regime, and large families. When poor persons are classified according to their age, children display the highest poverty ratios while there are almost no poor

among the elderly due to the rather generous pensions granted by the new pension scheme. The study shows that most of the clients are also deprived in other areas (e.g. housing, health, education and vocational training). Among the clients interest in democratic political processes and in elections is far below average.

To sum up the relative advantage of this particular methodology, one can say that it is able to reveal a variety of problems of the poor and the near-poor – whether caused by a transformation process or by the working of the institutions of a welfare state - that can not easily be detected by general surveys. It is, therefore, an interesting complement to the other approaches mentioned.

E-mail: r.hauser@em.uni-frankfurt.de

Role of the State in Poverty Alleviation III

From November 7th to 9th 1999, the third CROP-initiated workshop on the *Role of the State in Poverty Alleviation* took place in Amman, Jordan. The main sponsors of the event were the International Social Science Council and UNESCO.

The workshop was planned by a Programme Committee consisting of **Einar Braathen**, CROP, Norway; **Blandine Destremau**, Centre Francais d'Etudes Yemenites (CFEY), Yemen; **Francis Wilson**, University of Cape Town, South Africa, with the assistance from representatives of the UNESCO office in Amman.

The workshop was held under the patronage of Her Royal Highness **Princess Basma Bint Talal** of Jordan and was opened by former Jordanian Minister **Dr. Hisham Khatib**. During the opening ceremony the prizewinners of the CROP/MOST competition on "Best Practices in Poverty Reduction", **Dr. Anuradha Joshi** (with **Dr. Mick Moore**) and Prof. **Mohammad Shafi**, were presented with their awards.

60 abstracts were received for the workshops. The following 15 papers were presented and discussed:

- *Poverty, Democratisation, and the Civil Service: Revitalising Popular Participatory Planning in Botswana* by **Arnon Bar-On**, Botswana;
- *Social Policy of Proximity. A New Approach to Poverty Reduction in*

Algeria by **Abderrezak Benhabib** and **Tahar Ziani**, Algeria;

- *Responding to Poverty: Role of the State in Poverty Alleviation During the Economic Crisis in Malaysia* by **Madeline Berma**, **Faridah Shahadan** and **Zulridah Mohd Noor**, Malaysia;
- *State as the Producer and Alleviator of Poverty in the Islamic World* by **Murat Cizakca**, Turkey;
- *Religious Legacies, the State and Poverty in Eastern/Central Europe and the Balkans* by **Constantine P. Danopoulos**, USA;
- *Poverty and the State in the Middle East: Proposals for an Analytical Framework* by **Blandine Destremau**, Yemen;
- *Localities' and NGOs' Experience in Urban Poverty Alleviation in Sudan 1988-1998: The State Dimension* by **Atta El-Battahani**, Sudan;
- *Poverty and the Constitution of Citizenship: Poverty Alleviation, Rights, and Needs in the Emerging State of Palestine* by **Penny Johnson**, Palestine;
- *Achievements and Limits of Popular Participation: Study of Poverty Alleviation in West Bengal, India*, by **Kalyan Sankar Mandal**, India;
- *Tolerable Equalities* by **S. M Miller**, USA;
- *Poverty and the Public Agenda: Devolution of Welfare Administration Authority from Federal to State and Local Governments* by **Shanta Pandey**, USA;

- *From a Social Problem to a Political Issue: Poverty and Botswana's Liberal Democracy* by **Roberta Rivers**, Botswana;
- *An Evaluation of Governmental Programs in relation to other Social Safety Nets* by **Nader Said** and **Ayman AbdulMajid**, Palestine;
- *Poverty Alleviation in Sri Lanka: Trends and Lessons* by **Karori Singh**, India;
- *Poverty Management in Jordan: A Critical Assessment of Institutional Structures and Processes* by **Fayiz Suyyagh**, Jordan

The workshop in Jordan will be followed up by a fourth workshop on the CROP project on role of the state in poverty alleviation entitled "State and Society: Partnership in Poverty Reduction?" in Accra, Ghana, October 2000.

The next issue of the CROP newsletter will contain a comprehensive report from the CROP and UNESCO/MOST "Best Practices in Poverty Reduction" workshop that was held in conjunction with the "Role of the State in Poverty Alleviation III" workshop in Amman.

The email address is
crop@uib.no

editorial

The recent meeting of the World Trade Organisation (WTO) in Seattle ought to be studied closely by poverty researchers. Inside the meeting an elite from the wealthy countries supplied with some elite members from not so wealthy countries, made an unsuccessful attempt to make decisions with wide consequences for world poverty. Outside the meeting thousands of demonstrators protested the agenda of the WTO and its consequences for poor people, women, indigenous populations, child labour, labour rights, human rights, the environment, etc.

The WTO was set to increase the process of globalisation through such means as increased free trade, lowering of tariffs, decreasing national controls of the market and abandonment of subsidies. The legitimating argument is that liberalisation of the market will add to world stability and reduce poverty. However, in his address to the meeting the president of the World Bank said: "The state of our knowledge about the practical impact of different patterns of liberalisation on poverty is still far too limited."

A crucial question is: who is to be responsible for producing the necessary knowledge to prove or disprove that the comprehensive and irreversible strategies embedded in the WTO agenda actually benefit the poor and contribute to a sustainable reduction in global poverty within the present and next generation of poor people? For the pharmaceutical industry, for example, the responsibility for the consequences of its actions is placed with the industry itself. As a result, the pharmaceutical industry tests and retests its products to prove they are not harmful to people. National authorities control the tests and recommends whether a product is ready to be marketed. What kind of measures to protect poor people from unintended consequences of a liberalisation of the market systems are needed, and which measures can at present be identified?

Those who study social movements had a good case study at hand in Seattle. Although the media described the protesters as a motley crowd and mainly concentrated on the dramatic effects of police brutality, it is still a fact that thousands of people went into the streets to protest in favour of poor people and poor countries. This happened in the world's richest country, and one which has been the main promoter of the WTO ideology. It was not the poor people

CROP/ISSER WORKSHOP "STATE AND SOCIETY: PARTNERSHIP IN POVERTY REDUCTION?"

The workshop will take place from **Thursday 12 to Saturday 14 October, 2000** in Accra, Ghana.

Deadline for abstracts is March 15th, 2000.

A background paper written by Prof. Ellen Bortei-Doku Aryeetey is available from the CROP Secretariat. It can also be assessed through the CROP webpage at <http://www.crop.org>, as can the call for papers for the workshop.

CROP MEMBERS

The CROP Network now has more than 1350 members from over 100 countries. Below is the geographic display of the members.

themselves who protested, but non-poor people who demonstrated solidarity with people in developing countries. That is another facet of globalisation. We do not know who the protesters were, why such actions were important to them, how well they were organised, what kind of potential they might have as partners in future anti-poverty actions, and whether they were just the few engaged citizens or indicators of a mounting public sentiment concerning injustice and poverty. It is an interesting development which needs to be explored further.

Those who study elite behaviour and poverty also had a case study at hand. Why did the meeting in Seattle fail where previous WTO meetings have succeeded? Was it because the country and elite interests were too diverse to be incorporated in a unifying conclusion? Were poverty issues really part of the discussion? Did the discrepancy between a strong economic approach and a rhetoric argument about poverty reduction have an impact? Did the proposal to increase

the democratic profile and include all 130 countries in the future make the elite back off to find other fora for future decision making? Did the protesting voices from outside reach the inner walls of the meeting? The answers are not to be found in the official documents from the meeting. More likely they are to be found in an in-depth study of the elite participating in the meeting.

Else Øyen, Chair of CROP

SEASONS GREETINGS



*We wish all our contributors,
supporters and friends
a peaceful and happy
New Year 2000*

EXTENDING THE CROPNET INTO THE MIDDLE EAST

The recent workshop in Amman was part of the CROP strategy to stretch out and invite poverty researchers from many regions to join the international arena of colleagues working on poverty issues. After the workshop professor **Else Øyen**, Chair of CROP and Dr. **Einar Braathen**, CROP Programme Officer, travelled to the Birzeit University in Palestine, where they met with the President of the University, Dr. **Hanna Nasir**, and several Palestinian colleagues working in poverty research.

CROP CO-ORDINATOR VISITS UGANDA UNIVERSITY

In November, CROP co-ordinator **Kirsti Thesen Sælen**, visited Makerere Institute of Social Research, Makerere University, Kampala, Uganda. She met with the Director of the Institute, Professor **Nakanyike B. Musisi**, and Research Fellow, **Patrick Mulindwa**, and discussed CROP activities of mutual interest.

NEW PUBLICATIONS ON CHILD POVERTY

An investigation of child poverty in industrialised countries based on the latest LIS data titled "Child Poverty across Industrialized Nations", by **Bruce Bradbury** and **Markus Jäntti**, and an analysis on child welfare titled "Is Child Welfare Converging in the European Union?", by **John Micklewright** and **Kitty Stewart**, have recently been published by UNICEF. Both these publications can be downloaded from the UNICEF webpage at <http://www.unicef-icdc.org>.

GERMAN FOUNDATION WITH FOCUS ON POVERTY

Every two years the **Josef Popper-Nährpflicht-Stiftung** award a prize to a dissertation or diploma thesis in the fields of poverty research or minimum income regulations. The foundation also keeps an archive on research on poverty and minimum income which contains more than 3000 entries. For more information visit <http://www.wiwi.uni-frankfurt.de/professoren/hauser/popper.html> on Internet or E-mail: r.hauser@em.uni-frankfurt.de

LIST OF CROP EVENTS 2000 - 2001

March 2000:

29-31: "The Demography of Poverty in Latin America", a joint CROP/CLACSO workshop, Buenos Aires, Argentina.

June 2000:

"Social Capital Formation in Poverty Reduction: Which Role for the Civil Society Organizations and the State". Symposium organised jointly with UNESCO/MOST and ISSC during the "UN Social Summit + 5" in Geneva, Switzerland. Papers by invitation only.

October 2000:

12-14: "State and Society: Partnership in Poverty Reduction?", workshop organised jointly with ISSER, University of Ghana, Accra, Ghana.

WORKSHOPS UNDER PREPARATION

May 2001:

"Law and Poverty IV" workshop organised with the International Institute for the Sociology of Law (IISL) in Oñati, Spain.

NEW BOOK FROM AMARTYA SEN

Development as Freedom, Alfred A. Knopf Publisher, New York 1999, is a series of lectures which **Sen** have expanded and turned into an integrated set of papers on the role of freedom as a central concept in poverty analysis. It is argued that freedom is both a goal in itself and a means to development. Freedom is defined as the capabilities to choose a life one has reason to value, in accordance with earlier works by **Sen**. The many dilemmas that arise from such a definition form part of the book, and individual freedom is discussed in relation to human rights, democracy, cultural diversity, economic growth and liberalization of the market.

The Internet address is
<http://www.crop.org>

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 to 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 on the computer, 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

Kirsti Thesen Sælen, Co-ordinator

Hans Egil Offerdal, Special Adviser, pt. Mexico

Einar Braathen, Programme Officer

Inge Erling Tesdal, Executive Officer

THE QUOTE

If a free society cannot help the many who are poor, it cannot save the few who are rich.

John F. Kennedy