

World poverty: New policies to defeat an old enemy

Peter Townsend and David Gordon

Print publication date: 2002

Print ISBN-13: 9781861343956

Published to Policy Press Scholarship Online: March 2012

DOI: 10.1332/policypress/9781861343956.001.0001

The international measurement of poverty and anti-poverty policies

David Gordon

DOI:10.1332/policypress/9781861343956.003.0004

[–] Abstract and Keywords

This chapter describes how international social policy and academic research on poverty have changed in the last decade and, in particular, how a widening chasm is developing between the anti-poverty policies being advocated by UN agencies and those of the EU. Having outlined these two sets of policies, the discussion explains that they are underpinned by a diverging approach to the measurement of poverty. It compares in detail the numbers living in poverty in different countries, criticises the poverty measures as well as the anti-poverty policies of the international financial agencies, and calls for a fresh international and scientific approach.

Keywords: international social policy, academic research, poverty, anti-poverty policies, UN, EU, international financial agencies

Introduction

This chapter will describe briefly how international social policy and academic research on poverty has been changing in the past decade and, in particular, how a widening chasm is developing between the anti-poverty policies being advocated by UN agencies and those of the EU. These latter evolving anti-poverty policies have a number of profound implications for the measurement of poverty by international organisations and national statistical offices (NSOs). Without good comparable measures of poverty, it will be impossible to determine if anti-poverty policies are working effectively and efficiently.

International anti-poverty policies

It has long been a dream of humanity to remove poverty from the face of the earth. There have been many fine words and failed attempts to achieve this in the past. However, there is now a strong desire among most of the world's governments to end poverty during the 21st century and a growing international momentum to take concrete action to eradicate poverty on a global scale. If this result is achieved (even partially) then it will have a number of dramatic effects including a significant improvement in the health of the people of the world (WHO, 1995, 1998).

Although there is now widespread agreement on the need to end poverty, there remains considerable international disagreement on the best way this can be achieved. In particular, there is a growing divide between the policies being pursued by the US and the Bretton Woods institutions (such as the World Bank and International Monetary Fund [IMF]) and the EU.

For 40 years, the World Bank, the IMF and other UN agencies have been pursuing what is, basically, the same set of anti-poverty policies (Townsend and Gordon, 2000). These have three elements:

(p.54)

- broad-based economic growth;
- development of human capital, primarily through education;
- minimum social safety nets for the poor.

These policies have been unsuccessful. The number of poor people in the world has continued to increase and, in particular, these same policies have resulted in terrible consequences in many parts of Sub-Saharan Africa, South America and in the countries of the former Soviet Union. In part, they have failed due to a rigid adherence to neo-liberal economic orthodoxy. Joseph Stiglitz – who was chief economist at the World Bank and who has just won the Nobel Prize for Economics for his work on the analyses of markets with asymmetric information – described this orthodoxy as having four stages (Stiglitz, 1998, 2000):

- *privatisation*: this tends to raise prices for the poor;
- *capital market liberalisation*: this allows speculators to destabilise countries' economies, as has happened in Asia and South America;
- *market-based pricing*: this raises the costs of basic foods and fuel for the poor and has often caused rioting, particularly in South America (for example, Bolivia, Ecuador and, more recently, Argentina). Economists should not be provoking riots around the world;
- *free trade*: this is governed by World Trade Organisation (WTO) rules that often severely disadvantage poorer countries. See for example, the Social Watch NGO in Uruguay (www.socialwatch.org) or Oxfam in the UK (www.oxfam.org.uk/wto) and Watkins and Fowler (2002). Despite the advantages of free trade, history has shown that it has often resulted in severe famines and increased poverty (UNDP, 1999; Davis, 2001).

European Union anti-poverty policies

Emerging EU policies on a 'social' Europe are very different to those outlined above. They are based on ideas of social inclusion and social quality. Inter-governmental agreements at Lisbon, Nice and Amsterdam have rejected a 'race to the bottom' for labour conditions and established anti-poverty policy based on:

- active labour market intervention to help create jobs and improve working conditions;
- progressive taxation and redistribution through a comprehensive welfare state.

The 1990s witnessed increasing concern about the high levels of unemployment and poverty in Europe. Widespread unemployment was problematic because European welfare states were founded on the assumption of full employment. They still require high levels of employment to function adequately and also to **(p.55)** maintain economic growth in Europe. The EU responded to this challenge by shifting its focus from being virtually exclusively concerned with economic

policies (for example, promoting the free movement of commodities, labour, services and capital) towards a more integrated approach of both social and economic policy, particularly in the sphere of employment policy.

In 1992, the governments of OECD countries gave that organisation a mandate to analyse the causes and consequences of high and persistent unemployment and to propose effective solutions (Hvinden et al, 2001). The OECD recommended an urgent shift from passive to active labour market policies (Martin, 1998). These recommendations were rapidly incorporated into EU policy and the *1999 employment guidelines* require member states to increase the percentage of people benefiting from active labour market measures to at least 20% of the unemployed (EC, 1998). Active policies comprise practical efforts to assist people to find paid employment if they are unemployed and to remain in paid employment where they are already working. However, the emphasis of EU labour market policy is on the creation of high quality jobs and not on just 'forcing' people into jobs at any cost, rejecting the 'race to the bottom' in working conditions favoured by some neo-liberal economic commentators. Put simply, high productivity requires good employment relations and good employment relations are dependent on high quality work conditions. EU policy on a social Europe firmly establishes links between economic and social policy and, in particular, between employment and social security policy.

EU member states' policies do not just cover improved education and training for the workforce (social capital interventions) but also such strategies as minimum wages, minimum income guarantees to 'make work pay' and government-backed job creation schemes. European research into social inclusion measures (Gordon and Townsend, 2000) has shown that effective and efficient international anti-poverty policies would ideally include:

- an employment creation programme, designed deliberately to introduce labour-intensive projects to counterbalance patterns of job-cutting in many countries that are often indiscriminate in their social effects. Working conditions of the low paid would also be internationally regulated;
- regeneration or creation of collective, or 'universal' social insurance and public social services - the 'basic needs services' - by introducing internationally sanctioned minimum wages and levels of benefit;
- the introduction of greater accountability and social and democratic control over transnational corporations and international agencies. Growing concern in the 1990s about the 'democratic deficit' invited collaborative international action on a regional - if not wider - basis.

Europe has over 100 years of social policy experience, and this has resulted in a widespread consensus that comprehensive welfare states are the most cost-effective and efficient mechanisms for combating poverty. In the EU, almost **(p.56)** everyone pays into the welfare state and everyone gets something back. In 1996, nearly three quarters of EU households, on average, received direct cash payments from the welfare state each month (or week) through state pensions, child support and other benefits (Gordon and Townsend, 2000; Marlier and Cohen-Solal, 2000). On average, EU member states spend 28% of their GDP on social protection benefits (Clotuche, 2001). Their comprehensive welfare states not only provide effective and efficient mechanisms for alleviating poverty, they also protect and improve the welfare of all Europeans. They all redistribute income from 'rich' to 'poor' and from men to women. However, they also equalise income distribution across an individual's lifespan by taxing and reducing

income levels in middle age balanced with then paying social benefits to increase income during childhood and old age.

There is considerable debate within Europe on which is the best kind of comprehensive welfare state. Esping-Andersen, for example, uses the principle of the 'commodification' of welfare to identify those countries that characterise a liberal welfare state, a conservative-corporatist welfare state and a social democratic welfare state and argues that social democratic welfare states are the most desirable (Esping-Andersen, 1990, 1996; Goodin et al, 1999). Many European countries (Ireland, for example) do not fit easily into this classification scheme. Nevertheless, it is self evident that - all things being equal - the more comprehensive the redistribution via the welfare state, the lower the rates of poverty will be and international comparative analyses of income poverty lines have clearly demonstrated this fact. Figure 3.1 shows a recent OECD analysis of income poverty (50% median income) in industrialised countries in the mid-1990s.

(p.57) Countries like Sweden, France, Belgium, the UK and Ireland all have much higher rates of low income/poverty than the US - before allowing for taxes and transfers. However, the more comprehensive welfare states in these European countries result in much lower poverty rates than the US after redistribution of national income by taxes and transfers (Förster and Pellizzari, 2000). Similar results have also been reported using other low-income thresholds (Förster, 1994) and by UNICEF researchers with respect to child poverty rates in rich countries (UNICEF, 2000).

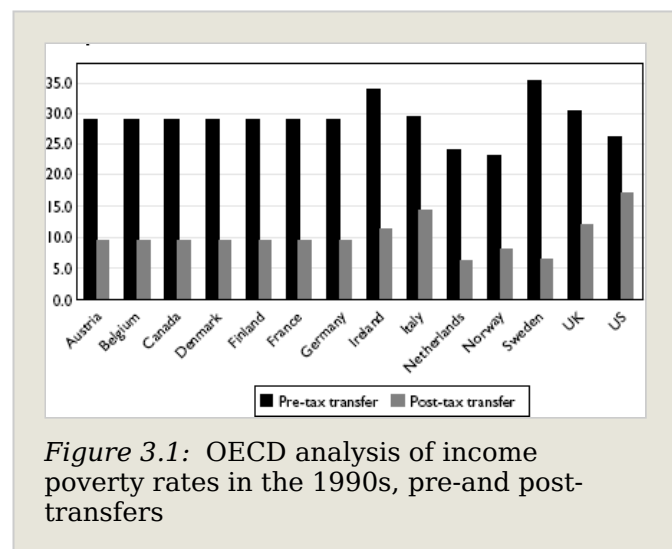


Figure 3.1: OECD analysis of income poverty rates in the 1990s, pre and post-transfers

There is unanimity within the EU that comprehensive social security provision is a fundamental human right. Article 12 of the revised European Social Charter (Council of Europe, 1996) guarantees the right to social security for "all workers and their dependents". No country can join the EU without having signed and ratified the European Code of Social Security which sets standards for health and welfare benefits and pensions "at a higher level than the minimum standards embodied in International Labour Convention No. 102 concerning Minimum Standards of Social Security". This International Labour Organisation convention (ILO, 1952) provides for minimum standards in nine distinct branches of social security (medical care, sickness, unemployment, old age, employment injury, family, maternity, invalidity, and survivors' benefits) and has been ratified by 40 countries.

Many European social scientists (and policy makers) believe that the World Bank and IMF would have had much greater success at reducing poverty if they had required that countries seeking aid complied with the ILO's convention on Minimum Standards of Social Security rather than pursuing the neo-liberal 'Washington consensus' policies described above. EU countries have flatly rejected the World Bank's ideas about minimum social safety nets for the poor being the best way to combat poverty.

At the Nice Summit (EC, 2001a) in December 2000, EU countries agreed to produce and implement a two-year (July 2001–June 2003) National Action Plan on Social Inclusion (NAPincl) designed to promote social inclusion and combat poverty and social exclusion (see EC, 2001b). These detailed plans are a key component of the member states' commitment to make a decisive impact on the eradication of poverty and social exclusion in Europe by 2010. The EU's aim is to be the most dynamic knowledge-based economy in the world, with full employment and increased levels of social cohesion by 2010. The accurate measurement of poverty and social exclusion is an integral component of this strategy and the recent Laeken European Council concluded that:

... the establishment of a set of common indicators constitute important elements in the policy defined at Lisbon for eradicating poverty and promoting social inclusion, taking in health and housing. The European Council stresses the need to reinforce the statistical machinery and calls on the Commission gradually to involve the candidate countries in this process.

(EC, 2001c, s 28)

(p.58) In Europe, during 2001, considerable scientific efforts were made to improve the measurement of poverty and social exclusion (Atkinson et al, 2002¹) and the proposed new set of statistics and indicators will be a major improvement on previous EU analyses (Eurostat, 1990, 1998, 2000; Hagenaars et al, 1994; Atkinson, 2000; Mejer and Linden, 2000; Mejer and Siermann, 2000).

Implications for poverty measurement

There are a number of serious implications for internationally comparative measures of poverty. Over the past 30 years, there have been a number of international agreements which have clearly defined poverty. In 1975, the Council of Europe defined those in poverty as:

... individuals or families whose resources are so small as to exclude them from a minimum acceptable way of life in the Member State in which they live. (EEC, 1981)

The concept of 'resources' was further defined as "goods, cash income, plus services from other private resources".

In 1984, the EC extended the definition as:

... the poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live. (EEC, 1981)

These are *relative* definitions of poverty in that they all refer to poverty not as some 'absolute basket of goods' but in terms of the minimum acceptable standard of living applicable to a certain member state and within a person's own society.

There is now widespread agreement on the scientific definition of poverty as both low income and low standard of living (Gordon and Pantazis, 1997; Gordon et al, 2000). These ideas were enshrined in both the EU's definition of poverty and also in the two definitions of poverty adopted by 117 governments at the World Summit on Social Development in 1995.

These EU definitions are similar to the relative poverty definition devised by Peter Townsend (Townsend, 1979). However, they differ quite substantially from the definitions of poverty that were being used when the welfare state was first established in the UK and other EU countries. In the UK, Beveridge adopted the concept of 'subsistence' which was based on the minimum standards to maintain physical efficiency and was developed from the work of the pioneers of poverty research such as Rowntree. A minimum basket of goods was costed, for emergency use over a short period of time, with 6% extra added for inefficiencies in spending patterns, in order to draw up the welfare assistance rates (National Assistance rates). This was designed to be an emergency level of **(p.59)** income and never meant to keep a person out of poverty for any length of time, however, these rates became enshrined into the Social Security legislation.

The current relative poverty definitions used in the EU deliver a much higher poverty line. They are also concerned with participation and membership within a society.

Absolute and overall poverty

There has been much debate about 'absolute' and 'relative' definitions of poverty and the difficulties involved in comparing poverty in industrialised countries with that in the developing world. However, these debates were resolved in 1995 at the UN World Summit on Social Development at which the governments of 117 countries - including all EU governments - agreed on two definitions of poverty - *absolute* and *overall* poverty. They adopted a declaration and programme of action which included commitments to eradicate absolute poverty by 2015 and also reduce overall poverty, by at least half, by the same year (UNDP, 1995).

Absolute poverty was defined by the UN as:

... a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.

Overall poverty was considered to take various forms, including:

... lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterised by lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets.

The Copenhagen agreements and the EU definitions of poverty are both accepted by all EU countries.

Income is important but access to public goods - safe water supply, roads, healthcare, education - is of equal or greater importance, particularly in developing countries. These are the views of the governments of the world and poverty measurement clearly needs to respond to them.

The need to measure precisely the extent of global poverty is becoming **(p.60)** increasingly urgent. At the United Nations Millennium Summit (UN, 2000), an unprecedented 191 countries committed themselves to halving poverty by the year 2015 and to meeting related development targets as described in the Millennium Declaration (see Johnston, 2001). Valid, reliable and comparable measures of poverty are needed in order to monitor the efficiency and effectiveness of anti-poverty policies.

The measurement of poverty by international agencies

There are currently three UN agencies which produce worldwide measurements of poverty² – the International Fund for Agricultural Development (IFAD) – which uses administrative statistics on health, education, income and food security; the UN Development Programme (UNDP) – which uses five indicators from administrative statistics on health, education and water supply; and the World Bank – which uses microdata from social surveys to calculate its \$1 per day poverty line. This income poverty line is not applied universally and varies from region to region, for example, \$2 per day in Latin America and \$4 per day in former Soviet states. It is very unclear what standard of living people have who live below these income thresholds in different countries (Gordon and Spicker, 1999). These methods are described in more detail below.

International Fund for Agricultural Development

The IFAD is one of the world's foremost authorities on rural poverty and it has constructed four poverty indices which are designed to measure rural poverty and deprivation (Jazairy et al, 1995):

- The Food Security Index (FSI) attempts to measure the composite food security situation of a country. This index combines relevant food production and consumption variables, including those reflecting growth and variability. The index can take values of zero and above, with 1 being a cut-off point between countries which are relatively food secure and those which are not.
- The Integrated Poverty Index (IPI) is an economic index which is calculated by combining the headcount measure of poverty with the income-gap ratio, income distribution below the poverty line and the annual rate of growth of per capita GNP. According to the IFAD, the headcount index represents the percentage of the rural population below the poverty line. The income-gap ratio is a national measure, the difference between the highest GNP per capita from among the 114 developing countries and the individual country GNP per capita expressed as a percentage of the former. Life expectancy at birth is used as a surrogate measure of income distribution below the poverty line. The IPI follows Amartya Sen's composite poverty index (Sen, 1976) and can take values between zero and 1 with values closer to 1 indicating a relatively worse poverty status.
- (p.61)** • The Basic Needs Index (BNI) is designed to measure the social development of rural areas and is composed of an education index and a health index. The education index covers adult literacy and primary school enrolment while the health index includes population per physician, infant mortality rate and access to services such as health, safe water and sanitation. The BNI can take values between zero and 1. The closer the value is to 1, the higher the basic needs status of the population of a country.
- The Relative Welfare Index (RWI) is the arithmetic average of the other three indices (FSI, RWI, BNI). With the FSI normalised to take values between zero and 1, the RWI takes values within the same range.

The IFAD also produces the Women's Status Index (WSI) which is designed to measure the situation of women in order to derive concrete policy recommendations to help improve the status of poor rural women in developing countries.

Having said this, the most recent IFAD (2001) report on rural poverty makes extensive use of the World Bank's \$1 per day poverty measure, broken down by area type (for example, urban and rural).

United Nations Development Program

The UNDP has produced a large number of different indices that are designed to measure poverty, inequality and other developmental issues. Since 1990, these have been published in its annual Human Development Reports. The 1997 *Human Development Report* was entirely devoted to poverty as part of the United Nations International Year for the Eradication of Poverty.

The UNDP's concept of poverty is incorporated within the broader concept of human development, which is defined as (UNDP, 1995):

Human development is a process of enlarging people's choices. In principle, these choices can be infinite and can change overtime. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to the resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible.

But human development does not end there. Additional choices, highly valued by many people, range from political, economic and social freedom to opportunities for being creative and productive and enjoying personal self-respect and guaranteed human rights.

Human development thus has two sides. One is the formation of human capabilities – such as improved health, knowledge and skills. The other is the use people make of their acquired capabilities – for productive purposes, for leisure or for being active in cultural, social and political affairs. If the scales of **(p.62)** human development do not finely balance the two sides, much human frustration can result.

According to the concept of human development, income clearly is only one option that people would like to have, though certainly an important one. But it is not the sum-total of their lives. The purpose of development is to enlarge *all* human choices, not just income.

The most influential index produced by the UNDP is the Human Development Index (HDI) which was constructed to reflect the most important dimensions of human development. The HDI is a composite index based on three indicators: longevity – as measured by life expectancy at birth; educational attainment – as measured by a combination of adult literacy (two thirds weight) and combined primary, secondary and tertiary enrolment ratios (one third weight); and standard of living – as measured by real GDP per capita (PPP\$). However, there have been a number of changes made to the way the HDI is constructed since it was first produced in 1990 (UNDP, 1990, 1996).

The 1997 *Human Development Report* defined poverty within the human development perspective and introduced the term Human Poverty. This drew heavily on Sen's capability concept and defined poverty as “the denial of choices and opportunities for a tolerable

life” (UNDP, 1997) . The *human poverty index* (HPI) attempted to operationalise this concept by focusing on those groups whose choices are heavily constrained in each of the three areas used in the HDI. While the HDI focuses on the average achievements of a country, the HPI focuses on the most deprived. The HPI is made up of five weighted components (UNDP, 1997):

- the percentage of people expected to die before 40 years of age;
- the percentage of adults who are illiterate;
- the percentage of people with access to health services;
- the percentage of people with access to safe water;
- the percentage of children under five years of age who are malnourished.

Aspects of human poverty that are excluded from the index due to lack of data or measurement difficulties are – lack of political freedom, inability to participate in decision making, lack of personal security, inability to participate in the life of the community and threats to sustainability and intergenerational equity. Human Poverty Indices (HPI-2) have also recently been calculated at small area level within the UK to compare local pockets of human poverty (Seymour, 2000).

World Bank

The World Bank has produced the most influential measurement of world poverty and devoted its annual reports in both 1990 and 2000 to poverty (p.63) eradication issues. The World Bank produces a “universal poverty line [which] is needed to permit cross-country comparison and aggregation” (World Bank, 1990, p 27). Poverty is defined as “the inability to attain a minimal standard of living” (World Bank, 1990, p 26). Despite its acknowledgement of the difficulties in including, in any measure of poverty, the contribution to living standards of public goods and common-property resources, the World Bank settles for a standard which is ‘consumption-based’ and which comprises:

... two elements: the expenditure necessary to buy a minimum standard of nutrition and other basic necessities and a further amount that varies from country to country, reflecting the cost of participating in the everyday life of society.

(World Bank, 1990, p 26)

The first of these elements is stated to be “relatively straightforward” because it could be calculated by “looking at the prices of the foods that make up the diets of the poor” (World Bank, 1990, pp 26–27). However, the second element is “far more subjective; in some countries indoor plumbing is a luxury, but in others it is a ‘necessity’” (World Bank, 1990, p 27). For operational purposes, the second element was set aside and the first assessed as Purchasing Power Parity (PPP) – \$370 per person per year at 1985 prices for all the poorest developing countries. Those with incomes per capita of less than \$370 were deemed ‘poor’ while those with less than \$275 per year were ‘extremely poor’. This approximate \$1 of consumption per person per day poverty line was chosen from a World Bank study of minimum income thresholds used in 8 of the 33 ‘poorest’ countries to assess eligibility for welfare provision (Ravallion et al, 1991)³.

The *World Development Report on poverty* in 2000 used a similar methodology to revise the poverty line estimate as \$1.08 per person per day at 1993 Purchasing Power Parity (Chen and Ravallion, 2000). However, the poverty threshold is now set at the median value of the ten

poorest countries with the lowest poverty lines; that is, world poverty rates are set at the level of the country with the fifth lowest welfare benefit eligibility threshold. No explanation has yet been provided for this change.

Equivalent consumption expenditures of \$1.08 are calculated for each country using PPP conversions, which are primarily designed for comparing aggregates of national accounts⁴ not the consumption of poor people. It is very unclear what the World Bank's poverty line means or even if the new \$1.08 at 1993 PPP poverty line is higher or lower than the old \$1 a day poverty line at 1985 PPP because the 1985 and 1993 PPP tables are not directly comparable (Reddy and Pogge, 2002).

No allowance was made by the World Bank in either 1990 or 2000 for the second 'participatory' element of its poverty definition. The logic of the Bank's own argument is not followed, the minimum value of the poverty line is underestimated and the number of poor in the World are therefore also underestimated⁵.

(p.64)

Table 3.1: Number and percentage of the population living on incomes below half the average in 14 European countries (1994)

Country	Number of people below half average income	% of the population below half average income
UK	11,426,766	20
Germany	11,327,673	14
Italy	9,321,853	17
France	7,949,907	14
Spain	7,196,406	19
Portugal	2,424,533	25
Greece	2,041,923	20
Belgium	1,474,158	15
Netherlands	1,275,048	8
Austria	1,108,082	14
Ireland	837,490	23
Denmark	386,015	7
Finland	192,153	4
Luxembourg	56,734	14

Poverty measurement in the European Union

Although poverty has been clearly defined in Europe as an unacceptably low standard of living caused by low income, the measurement of poverty within Europe has almost exclusively concentrated on measuring only low incomes. The major comparative studies by the European Community Statistical Office (EUROSTAT) have been based on either the European Community Household Panel (ECHP) survey or harmonised national household budget surveys. A range of arbitrary low income thresholds have been used as proxies for poverty, for example, half average

expenditure, half average income, less than 60% of median income, less than 50% of median income, and so on.

Table 3.1 shows a recent comparative poverty analysis by EUROSTAT, using the 1994 ECHP data.

These data show that the UK *does* lead Europe in one area - its number of poor households. Despite the fact that Germany has a much bigger population, the UK has more people living on a low income. According to the EU, the total number is nearly 11.5 million and this gives some kind of idea of the scale of the problem the UK government faces if it wants to eliminate poverty *using these definitions*.

However, a look at the comparative circumstances of children shows that the situation is actually far worse. Using the same European data - but for a previous year (1993) - the UK by far and away has the highest percentage of children living in poverty of any EU member state.

By contrast, Finland has the smallest number of households living in poverty of any EU member state, except Luxembourg. Finland also has the lowest poverty rate in Europe, with only 4% of the population living on a low income.

(p.65)

(p.66) A recent analysis of OECD countries by the UN Children's Organisation (UNICEF) shows that, in a ranking of all the industrialised countries, the UK now ranks below Turkey and just above Mexico and the US in having a higher rate of child poverty (UNICEF, 2000). There are not many social indicators where the UK ranks below Turkey and so this is quite shocking. The UK's position is due to a tripling of poverty or low income in the 1980s as a direct result of neo-liberal socio-economic policies (Thatcherism) pursued by successive Conservative governments. Figure 3.2 shows these UNICEF results on the extent of child poverty in rich countries.

Despite the different definitions of low income poverty used by UNICEF and the EU, a consistent pattern emerges from these analyses. Countries with comprehensive welfare states and social-democratic traditions (such as Finland) usually have low rates of poverty, whereas countries which have in the recent past followed neo-liberal economic policies (such as the UK and US) have very high poverty rates.

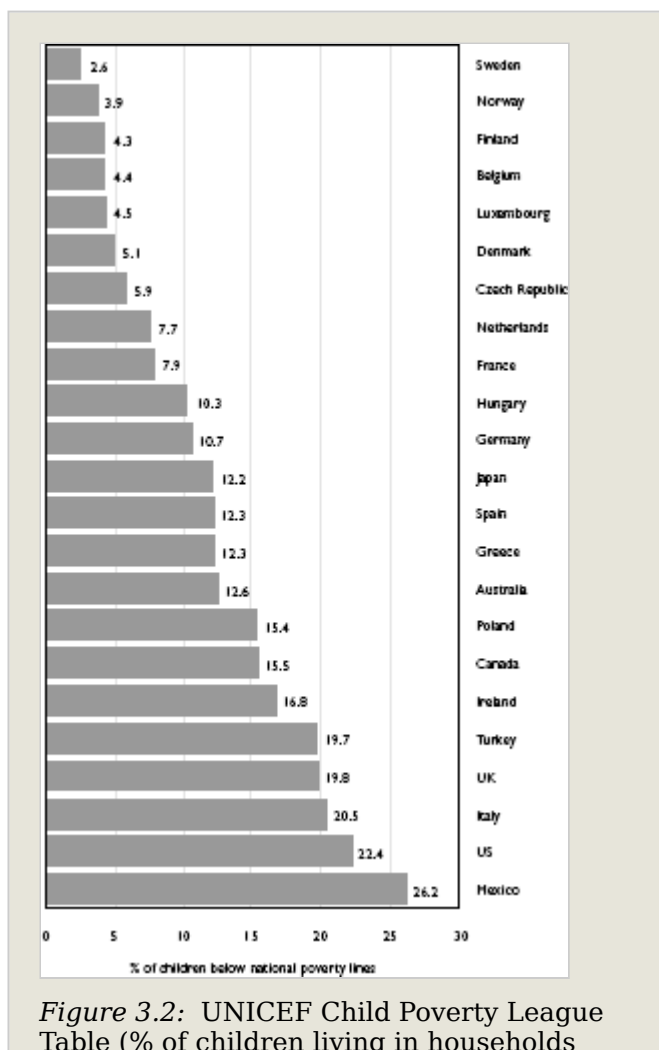


Figure 3.2: UNICEF Child Poverty League Table (% of children living in households)

Producing meaningful and internationally comparable poverty statistics

with income below 50% of the national median)

The major problem with all the poverty measures produced by IFAD, UNDP, the World Bank and EUROSTAT is that they are of little value for measuring poverty *within* a country or for helping developing or industrialised countries to assess the effectiveness of their own anti-poverty policies. Nor do they correspond to any internationally (or even nationally) agreed definitions of poverty.

The main problem with the World Bank's \$1 a day poverty lines is that they are essentially meaningless. It is impossible to tell from the World Bank poverty line whether or not a household with an income below this threshold has sufficient money to live decently or not. It would be much more meaningful to produce low income statistics which show how many households do not have an adequate income to allow them to meet their basic needs (*absolute poverty*) and/or participate in the economic, social, cultural and political life of the country in which they live (*overall poverty*). Low income thresholds and statistics should measure adequacy not arbitrary thresholds and the most widely used method of achieving this goal is to use a 'budget standards' approach.

A budget standard is a specified basket of goods and services which, when priced, can represent a particular standard of living. Budgets can be devised to represent any living standard (Bradshaw, 1993) and, for example, national statistical offices could produce budget standards which corresponded with the *absolute* and *overall* poverty definitions agreed at the World Social Summit (discussed earlier in this chapter). This would produce income poverty thresholds which are both nationally and internationally meaningful.

Budget standards are probably the oldest scientific method of exploring low living standards. Pioneered by Rowntree (1901) in the UK, in his famous studies of poverty in York, they have since been used in many countries to **(p.67)** measure income poverty, for example, in the USA, at both national and state level (Orshansky, 1965; Watts, 1980; NYCC, 1982; Renwick, 1993; Citro and Michael, 1995); Canada (Social Planning Council, 1981); the Netherlands (Hagenaars and de Vos, 1988); New Zealand (Stephens, 1995); Hong Kong (MacPherson, 1994); the UK (Piachaud, 1979; Bradshaw, 1993; Parker, 1998, 2000); and in Australia (Saunders, 1998).

Indeed, Mark Malloch Brown, the UN Development Program (UNDP) administrator, recently argued that: "We need a global Rowntree.... A clearer benchmarking of poverty and of its contributing elements, such as child education and healthcare, could provide the political space and focus for action at the community, national and global levels" (Malloch Brown, 2001).

While budget standards-derived income poverty thresholds, using internationally agreed definitions of poverty, would produce meaningful and comparable income poverty statistics for individuals and households, additional (direct) measures of deprivation (low standard of living) are also needed for international poverty comparisons and anti-poverty policy monitoring. This is because poverty is not only dependent on personal/household income but also on the availability of public goods, for example, clean water supplies, hospitals, schools, and so on. One example of how this could be achieved is discussed below.

International measurement of standard of living (deprivation)

During the 1990s, advances in social survey methodology in developing countries have made available a wealth of new data, some of which can be used to measure low standard of living and deprivation. This section outlines some recent work that has been carried out in the UK by the Townsend Centre for International Poverty Research, on behalf of UNICEF, which attempts to operationalise the absolute definition of poverty agreed at the World Summit on Social Development to measure child poverty in the developing world.

There are currently no consistent estimates of the extent or severity of child poverty in developing countries. While many countries do have detailed anti-poverty strategies and statistics on child poverty, these estimates tend to use different methods and definitions of poverty which makes comparison extremely difficult.

The World Bank's method of measuring poverty by low per capita consumption expenditure is singularly unsuitable for measuring child poverty and does not conform with the internationally agreed definitions of poverty adopted at the World Social Summit. For example, the definition of absolute poverty implies that a child is poor if she suffers from severe educational deprivation. In accordance with a number of UN resolutions, this could be operationalised as her lack of receipt of primary education (Gordon et al, 2001). There might be a number of reasons why a child does not receive primary education and low family income is often a very important factor. **(p.68)** However, a lack of government investment in schools and infrastructure can also prevent children from being educated as can prejudice and discriminatory attitudes that consider that certain children are not 'worth' educating. Whichever of these reasons is true, either singularly or in combination, the end result will be the same in that the child will suffer from severe educational deprivation.

Therefore, there is a need to look beyond the World Bank's narrow focus on per capita consumption expenditure and at both the effects of low family income *and* the effects of inadequate service provision for children (Vandemoortele, 2000), as it is a lack of investment in good quality education, health and other public services in many parts of the world that is as significant a cause of child poverty as low family incomes. Nobel Laureate, Amartya Sen, has argued that, in developing countries, poverty is best measured directly using indicators of standard of living rather than indirectly using income or consumption measures.

In an obvious sense the direct method is superior to the income method ... it could be argued that only in the absence of direct information regarding the satisfaction of the specified needs can there be a case for bringing in the intermediary of income, so that the income method is at most a second best.

(Sen, 1981, p 26)

Such direct measures of need or low standard of living are often referred to as *deprivation* measures. Deprivation can be conceptualised as a continuum which ranges from no deprivation, through mild, moderate and severe deprivation to extreme deprivation at the end of the scale. Figure 3.3 illustrates this concept.

In order to measure absolute poverty among children using the World Social Summit definition, it is necessary to define the threshold measures of severe deprivation of basic human need for:

- food;

- safe drinking water;
- sanitation facilities;
- health;
- shelter;
- education;
- information;
- access to services.

(p.69) (p.70)

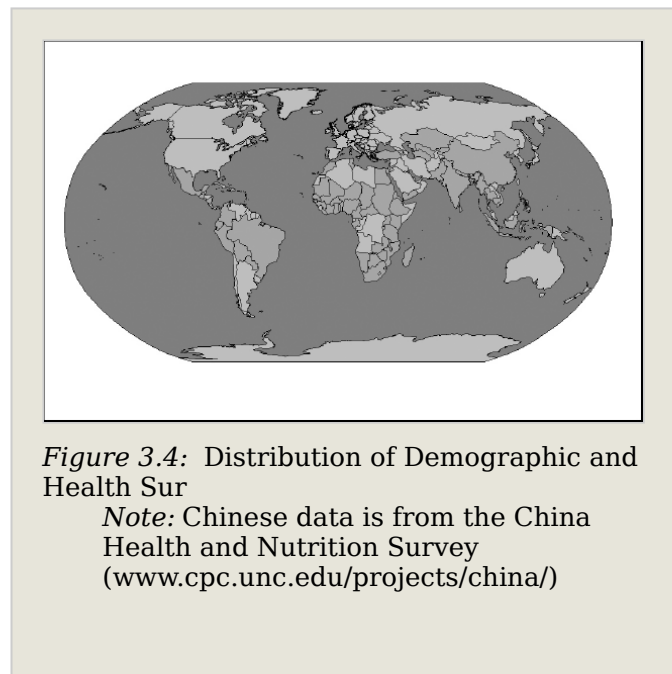
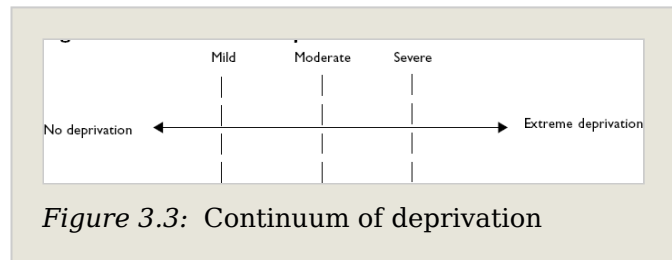


Table 3.2: Operational definitions of deprivation for children

Deprivation	Mild	Moderate	Severe	Extreme
Food	Bland diet of poor nutritional value	Going hungry on occasion	Malnutrition	Starvation
Safe drinking water	Not having enough water on occasion due to lack of sufficient money	No access to water in dwelling but communal piped water available within 200 meters of dwelling or less than 15 minutes walk away	Long walk to water source (more than 200 meters or longer than 15 minutes). Unsafe drinking water (for example, open water)	No access to water
Sanitation facilities	Having to share facilities with another household	Sanitation facilities outside dwelling	No sanitation facilities in or near dwelling	No access to sanitation facilities
Health	Occasional lack of access to medical care due to insufficient money	Inadequate medical care	No immunisation against diseases. Only limited non-professional medical care available when sick	No medical care
Shelter	Dwelling in poor repair. More than one person per room	Few facilities in dwelling, lack of heating, structural problems. More than three persons per room	No facilities in house, non-permanent structure, no privacy, no flooring, just one or two rooms. More than five persons per room	Roofless - no shelter
Education	Inadequate teaching due to lack of resources	Unable to attend secondary but can attend primary education	Child is seven years of age or older and has received no primary or secondary education	Prevented from learning due to persecution and prejudice
Information	Cannot afford newspapers or books	No television but can afford a radio	No access to radio, television or books or newspapers government, and so on	Prevented from gaining access to information by
Basic social services	Health and education facilities available but occasionally of low standard	Inadequate health and education facilities nearby (for example, less than one hour travel)	Limited health and education facilities more than one hour travel away	No access to health or education facilities

(p.71) Comparable information on severe deprivation of basic human need among children is available from high quality microdata from the Demographic and Health Surveys (DHS)¹¹ carried out in 68 countries during the 1990s. The DHS are nationally representative household surveys with sample sizes of about 5,000 households and an estimated cost of \$200 per household (Loup and Naudet, 2000). A major advantage of the DHS is their random cluster sampling methodology. On average, 3,000 to 9,000 women of childbearing age were interviewed in each country (average 5,400) and each survey contains between 150–300 clusters, with an average of 200 clusters. Cluster size is around 2–3 km or smaller in urban areas (Gerland, 1996). Figure 3.4 demonstrates the wide coverage of the DHS.

Table 3.2 shows the operational definitions of deprivation for the eight criteria in the World Summit definition of absolute poverty that have been used for the UNICEF study of child poverty using DHS microdata.

Children who suffer from *severe deprivation of basic human need* – as shown in the fourth column of Table 3.2 – are living in absolute poverty as defined at the World Social Summit, that is, “Absolute poverty is a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services” (UNDP, 1997).

Cost of ending poverty

The EUROSTAT analysis of poverty (Table 3.1) indicates that almost sixty million people in the EU are ‘poor’ (have an income of less than half the average). Poverty analyses by the World Bank (2001) have demonstrated that over one billion people in developing countries have to live on the equivalent of less than \$1 per day. These are huge numbers of people so a major question remains – is the world's desire to end poverty in the 21st century realistic and affordable?

The costs of ending poverty are much less than the large numbers of poor people would indicate. Table 3.3 overleaf shows how much of the income of the non-poor population would have to be transferred (given) to the poor people in each EU country to eliminate poverty using a 50% and 60% of the median income poverty line in each country (Fouarge, 2001).

In the UK, 1.5% of the income of non-poor households would have to be transferred to poor households in order to raise every person's income above the 50% median income poverty threshold. Similarly, in the UK, 3.0% of income would need to be transferred to poor people to raise their incomes above the 60% median income poverty threshold. The corresponding figures for ending income poverty in Finland are 1% and 1.8% respectively, and, for the EU as a whole, 1.7% and 3%. The cost of ending income poverty in the EU is therefore not unfeasibly large.

UNICEF has carried out a similar analysis on the costs of eradicating *child* poverty in ‘rich’ countries. Table 3.4 shows how much national income **(p.72)**

Table 3.3: Cost of ending poverty in the EU: % of income needed to be transferred from the non-poor to the poor in each country

Country	Cost of ending poverty (50% on median income poverty line)	Cost of ending poverty (60% on median income poverty line)
Luxembourg	0.8	1.5
Denmark	0.8	1.7

Country	Cost of ending poverty (50% on median income poverty line)	Cost of ending poverty (60% on median income poverty line)
Austria	1.0	1.8
Finland	1.0	1.8
France	1.1	2.2
Ireland	1.1	2.2
Belgium	1.5	2.8
Netherlands	2.0	3.0
UK	1.5	3.0
Spain	1.8	3.1
Germany	2.2	3.3
Italy	2.2	3.6
Portugal	2.3	3.8
Greece	2.3	3.9
EU	1.7	3.0

(percentage of GNP) would be needed to close the child poverty gap in 17 OECD countries. The table shows that relatively little national income needs to be transferred to poor families to eliminate child income poverty – using UNICEF's definition of income poverty (less than 50% of the national median income). In Finland, less than 1% of GNP would need to be spent on helping poor families with children and, even in the UK, which has very high rates of child poverty, less than 0.5% of GNP is needed.

The reason why so much poverty can be ended at comparatively little cost is that welfare states are reasonably good at preventing people from falling into very deep poverty. Most poor households have incomes which are relatively close to the income poverty thresholds that are used in these kinds of analyses. Therefore, relatively small transfers of income will raise a large number of people above these income poverty thresholds.

Lack of good income information has meant that detailed costs of ending poverty analyses, that are available for rich countries, are not available for developing countries. However, the UNDP has estimated (UNDP, 1997) the annual cost over ten years of providing every person in the world with basic social services (Table 3.5).

The UNDP estimated that the additional cost of achieving basic social services for all in developing countries at about \$40 billion a year over ten years (1995–2005). This is less than 0.2% of world income and represents about 1% of developing country income. The cost of providing basic health and nutrition **(p.73)**

Table 3.4: Percentage of GNP required to end child poverty in 17 OECD countries

Country	% of GNP
Sweden	0.07
Finland	0.08

Country	% of GNP
Belgium	0.09
Luxembourg	0.09
Norway	0.12
Denmark	0.12
France	0.14
Hungary	0.24
Germany	0.26
Spain	0.31
Netherlands	0.31
Australia	0.39
Canada	0.46
UK	0.48
Italy	0.50
Poland	0.56
USA	0.66

Source: UNICEF (2000)

for every person in the world was estimated at just \$13 billion per year for ten years. This seems a very large figure but, to put it in perspective, in 2000 the US population spent \$11.6 billion on dog and cat food (Euromonitor International, 2001). Europe and the US together spend a lot more on pet food than is needed to provide basic health and nutrition for all the world's people. Ending poverty is largely a matter of lack of political will. It is not a problem of lack of money or scientific knowledge on how to eradicate poverty.

Table 3.5: The cost of achieving universal access to basic social services

Need	Annual cost (US\$ billions)
Basic education for all	6
Basic health and nutrition	13
Reproductive health and family planning	12
Low-cost water supply and sanitation	9
Total	40

(p.74) Conclusions

Poverty is the world's most ruthless killer and the greatest cause of suffering on earth. The 1995 World Health Organisation (WHO) report argued that:

Poverty is the main reason why babies are not vaccinated, clean water and sanitation are not provided, and curative drugs and other treatments are unavailable and why mothers die in childbirth. Poverty is the main cause of reduced life expectancy, of handicap and disability, and of starvation. Poverty is a major contributor to mental illness, stress, suicide, family disintegration and substance abuse.

(WHO, 1995)

Yet the costs of meeting the basic needs of every person in the world are relatively small compared with the vast wealth available. The practical policies and institutional mechanisms needed to end world poverty are well known and widely understood. No scientific breakthroughs are required to provide everybody with a safe water supply, a nutritious diet, adequate housing and basic healthcare. No new knowledge is needed to provide all children with an education. A wide range of comprehensive welfare state models in European countries have been proven to be effective mechanisms for delivering social security and welfare. International agreements are already in place which provide guidance on what the minimum levels of social security benefits should be and the governments of the world have repeatedly made commitments to reduce and eventually end poverty in the 21st century.

The neo-liberal 'Washington Consensus' policies pursued by the World Bank and IMF have failed to even reduce poverty (let alone end poverty) nor are the methods that they (and other international organisations) use to measure poverty adequate. In particular, the World Bank's consumption-based poverty measures (\$1.08 per day) are not reliable, valid or particularly meaningful and cannot be used to measure the effectiveness of anti-poverty policies.

New advances in social science *are* needed to produce scientific measurements of poverty which are both internationally comparable and also of use to policy makers within countries - one possible approach has been discussed in this chapter. New research is also needed to identify the best methods of building comprehensive welfare states in countries where currently only residual welfare states exist (see Chapter Seven by van Oorschot).

References

Bibliography references:

Atkinson, T. (2000) 'A European social agenda: poverty benchmarking and social transfers', Unpublished paper (www.nuff.ox.ac.uk/users/atkinson/CAE2000final.pdf).

Atkinson, T., Cantillon, B., Marlier, E. and Nolan, B. (2002) *Social indicators - the EU and social inclusion*, Oxford: Oxford University Press.

Bradshaw, J. (ed) (1993) *Budget standards for the United Kingdom*, Aldershot: Avebury.

Canberra Group (2001) *The Expert Group on Household Income Statistics: The Canberra Group. final report and recommendations*, Ottawa (lisweb.ceps.lu/links/canberra/finalreport.pdf).

Chen, S. and Ravallion, M. (2000) *How did the world's poorest fare in the 1990s?*, World Bank Occasional Paper, New York (www.worldbank.org/research/povmonitor/pdfs/methodology.pdf).

Citro, C.F. and Michael, R.T. (eds) (1995) *Measuring poverty. A new approach*, Washington, DC: National Academy Press.

Clotuche, G. (2001) 'The social protection in the CEEC in the context of the enlargement', *Belgian Review of Social Security*, vol 43, pp 21-8 (socialsecurity.fgov.be/bib/index.htm).

Council of Europe (1996) European Social Charter (revised), conventions.coe.int/Treaty/EN/Treaties/HTML/163.htm

(p.76) CROP (Comparative Research Programme on Poverty) (2002 'A critical review of the World Bank report: *World Development Report 2000/2007. Attacking poverty*, (www.crop.org/publications/files/report/Comments_to_WDR2001_2002_ny.pdf).

Davis, M. (2001) *Late Victorian holocausts*, London: Verso.

Drever, F. and Whitehead, M. (eds) (1997) *Health inequalities*, London: The Stationery Office.

EC (European Commission) (1998) *1999 employment guidelines*, Brussels: EC.

EC (2001a) 'Social exclusion: Commission takes first step towards EU poverty strategy', (www.europa.eu.int/comm/employment_social/news/2001/oct/i01_1395_en.html).

EC (2001b) 'NAPs/incl: National Action Plans on social inclusion', (www.europa.eu.int/comm/employment_social/news/2001/jun/napsincl2001_en.html).

EC (2001c) 'European Council Laeken: Conclusions of the presidency', (www.europarl.eu.int/summits/pdf/lae_en.pdf).

Esping-Andersen, G. (ed) (1990) *The three worlds of welfare capitalism*, London, Princeton, NJ: Polity Press and Princeton University Press.

Esping-Andersen, G. (ed) (1996) *Welfare states in transition: National adaptations of global economics*, London: Sage Publications.

Euromonitor International (2001) *Pet foods and accessories in the USA 2001*, London (www.majormarketprofiles.com).

Eurostat (1990) *Poverty in figures: Europe in the early 1980s*, Luxembourg: Eurostat.

Eurostat (1998) *Recommendations of the Task Force on Statistics on Social Exclusion and Poverty*, Luxembourg: Eurostat.

Eurostat (2000) *Income, poverty and social exclusion*, Luxembourg: Office for Official Publications of the European Communities.

Fletcher, J. (1849) 'Moral and educational statistics of England and Wales', *Journal of the Royal Statistical Society of London*, vol 12, pp 189-335.

Förster, M.F. (1994) *Measurement of low incomes and poverty in a perspective of international comparisons*, Labour Market and Social Policy Occasional Papers no 14, Paris: OECD (www1.oecd.org/els/health/docs.htm).

Förster, M.F. and Pellizzari, M. (2000) *Trends and driving factors in income distribution and poverty in the OECD area*, Labour Market and Social Policy Occasional Papers no 14, Paris: OECD (www1.oecd.org/els/health/docs.htm).

(p.77) Fouarge, D. (2001) *Subsidiarity and poverty in the European Union. Fiscal competition or co-ordination?*, Tilburg: Tilburg University (www.sbu.ac.uk/euroinst/EXSPRO/wp3.pdf).

Gerland, P. (1996) 'Socio-economic data and GIS: datasets, databases, indicators and data integration issues', Paper presented to UNEP/CGIAR (Consultative Group on International Agricultural Research), Arendal III Workshop on *Use of GIS in agricultural research management*, Norway, 17-21 June (www.un.org/Depts/unsd/softproj/papers/pg_cgiar.htm).

Goodin, R.E., Headey, B., Muffels, R.J.A. and Dirven, H.J. (1999) *The real worlds of welfare capitalism*, Cambridge: Cambridge University Press.

Gordon, D. and Pantazis, C. (eds) (1997) *Breadline Britain in the 1990s*, Aldershot, Brookfield, Hong Kong, Singapore and Sydney: Ashgate.

Gordon, D. and Spicker, P. (eds) (1999) *The international glossary on poverty*, London: Zed Books.

Gordon, D. and Townsend, P. (eds) (2000) *Breadline Europe: The measurement of poverty*, Bristol: The Policy Press.

Gordon, D., Adelman, A., Ashworth, K., Bradshaw, J., Levitas, R., Middleton, S., Pantazis, C., Patsios, D., Payne, S., Townsend, P. and Williams, J. (2000) *Poverty and social exclusion in Britain*, York: Joseph Rowntree Foundation (www.bris.ac.uk/poverty/pse).

Gordon, D., Pantazis, C. and Townsend, P. (2001) 'Child rights and child poverty in developing countries', Unpublished report for UNICEF, Bristol: Townsend Centre for International Poverty Research.

Hagenaars, A.J.M. and de Vos, K. (1988) 'The definition and measurement of poverty', *Journal of Human Resources*, vol 23, no 2, pp 211-21.

Hagenaars, A.J.M., de Vos, K. and Zaidi, A. (1994), *Poverty statistics in the late 1980s*, Luxembourg: Eurostat.

Hvinden, B., Heikkila, M. and Kankare, I. (2001) 'Towards activation? The changing relationship between social protection and employment in Western Europe', in M. Kautto, J. Fritzell, B. Hvinden, J. Kvist and H. Uusitalo (eds) *Nordic welfare states in the European context*, London: Routledge, pp 168-97.

ILO (International Labour Organisation) (1952) *Social Security (Minimum Standards) Convention, 1952 (No 102)*, Geneva: ILO (ilolex.ilo.ch:1567/scripts/convde.pl?C102)

International Fund for Agricultural Development (2001) *Rural poverty report 2001: The challenge of ending rural poverty*, Oxford: Oxford University Press (www.ifad.org/poverty/index.htm)

(p.78) Jazairy, I., Alamgir, M. and Panuccio, T. (1995) *The state of world rural poverty*, London: IFAD.

Johnston, R. (2001) *Road map towards the implementation of the United Nations Millennium Declaration: Report of the Secretary-General*, UN General Assembly 56th Session, 6 September, follow-up to the outcome of the Millennium Summit, UN, New York (www.ibge.gov.br/poverty/pdf/millennium_road_map.pdf; see also www.un.org/millennium).

Loup, J. and Naudet, D. (2000) *The state of human development data and statistical capacity building in developing countries*, Human Development Report Office, Occasional Papers no 60 (www.undp.org/hdro/occ.htm#2).

MacPherson, S. (1994) *A measure of dignity. Report on the adequacy of public assistance rates in Hong Kong*, Hong Kong: Department of Public and Social Administration, City Polytechnic of Hong Kong.

Malloch Brown, M. (2001) 'Child poverty and meeting the 2015 targets', statement, London, 26 February, www.undp.org/dpa/statements/administ/2001/february/26feb01.html.

Marlier, E. and Cohen-Sokal, M. (2000) 'Social benefits and their redistributive effect in the EU', *Statistics in Focus*, Population and Social Conditions, Theme 3-9/2000, Luxembourg: Eurostat.

Martin, J.P. (1998) What works among active labour market policies: Evidence from OECD countries' experience, OECD Labour Market and Social Policy Occasional Papers no 35, Paris: OECD.

Mejer, L. and Linden, G. (2000) 'Persistent income poverty and social exclusion in the European Union', *Statistics in Focus*, Population and Social Conditions, Theme 3-13/2000, Luxembourg: Eurostat.

Mejer, L. and Siermann, C. (2000) 'Income poverty in the European Union: children, gender and poverty gaps', *Statistics in Focus*, Population and Social Conditions, Theme 3-12/2000, Luxembourg: Eurostat.

NYCC (Community Council for Greater New York) (1982) *A Family Budget Standard*, New York, NY: NYCC.

Orshansky, M. (1965) 'Counting the poor: another look at the poverty profile', *Social Security Bulletin*, June, pp 3-29.

Parker, H. (ed) (1998) *Low cost but acceptable: A minimum income standard for the UK: Families with young children: How much is enough?*, Bristol: The Policy Press (www.bris.ac.uk/Publications/TPP/pages/rp018.html).

Parker, H. (2000) *Low cost but acceptable: Incomes for older people. A minimum income standard for households aged 65-74 years in the UK*, Bristol: The Policy Press (www.bris.ac.uk/Publications/TPP/pages/rp032.html).

(p.79) Piachaud, D. (1979) *The cost of a child: A modern minimum*, London: Child Poverty Action Group.

Ravallion, M., Datt, G. and Van de Walle, D. (1991) 'Quantifying absolute poverty in the developing world', *Review of Income and Wealth*, vol 37, pp 345-61.

Reddy, S.G. and Pogge, T.W. (2002) 'How not to count the poor', Unpublished paper, Columbia University (www.google.com/search?q=cache:S3mzMaVx31UC:www.ids.ac.uk/ids/pvty/Count.pdf+how+not+to+count+the+poor&hl=en).

Renwick, T.J. (1993) 'Budget-based poverty measurement: 1992 Basic Needs Budgets', *Proceedings of the American Statistical Association*, Social Statistics Section, pp 573-82.

Rowntree, B.S. (1901) *Poverty. A study of town life*, London: Macmillan (republished in 2000 by The Policy Press, Bristol: www.bris.ac.uk/Publications/TPP/pages/at036.htm).

Ruizhen, Y. and Yuan, W. (1992) *Poverty and development: A study of China's poor areas*, Beijing: New World Press.

Saunders, P. (1998) *Using budget standards to assess the well-being of families*, Social Policy Research Centre Discussion paper 93, Sydney, University of New South Wales (www.sprc.unsw.edu.au/dp/dp093.pdf).

Sen, A.K. (1976) 'Poverty: an ordinal approach to measurement', *Econometrica*, vol 44, no 2, pp 219-31.

Sen, A.K. (1981) *Poverty and famines. An essay on entitlement and deprivation*, Oxford: Clarendon Press.

Seymour, J. (ed) (2000) *Poverty in plenty: A human development report for the UK*, London: Earthscan.

Social Planning Council (1981) *The budgets guide methodology study*, Toronto: Social Planning Council of Metropolitan Toronto.

Stephens, R. (1995) 'Measuring poverty in New Zealand, 1984-1993', in P. Saunders and S. Shaver (eds) *Social policy and the challenges of social change*, Volume 1, Reports and Proceedings no 122, Sydney: Social Policy Research Centre, University of New South Wales, pp 229-42.

Stiglitz, J. (1998) *More instruments and broader goals: Moving towards a post-Washington Consensus*, WIDER Annual Lecture 2, UN University World Institute for Development Economics Research (WIDER), Helsinki (www.wider.unu.edu/events/annuel1998.pdf).

Stiglitz, J. (2000) 'What I learned at the World Economic Crisis', *New Republic*, 17 April.

(p.80) Townsend, P. (1979) *Poverty in the United Kingdom*. Penguin, Harmondsworth.

Townsend, P. and Gordon, D. (2000) 'Introduction: The measurement of poverty in Europe', in D. Gordon and P. Townsend (eds) *Breadline Europe: The measurement of poverty*, Bristol: The Policy Press, pp 1-22.

UN (2000) 'Millennium Assembly', www.un.org/millennium.

UNDP (United Nations Development Programme) (1990) *Human Development Report 1990: Concepts and measurement of human development*, New York, NY: Oxford University Press (hdr.undp.org/reports/global/1990/en/).

UNDP (1995) *The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995*, UN Department of Publications, sales no E.96.IV.8, New York (www.visionoffice.com/socdev/wssd.htm).

UNDP (1996) *Human Development Report 1996: Sustainability and human development*, New York, NY: Oxford University Press (hdr.undp.org/reports/global/1997/en/).

UNDP (1997) *Human Development Report 1997: Human development to eradicate poverty*, New York, NY: Oxford University Press (hdr.undp.org/reports/global/1999/en/).

UNDP (1999) *Human Development Report 1999: Globalization with a human face*, Oxford: Oxford University Press (www.undp.org/hdro/highlights/past.htm).

UNICEF Innocenti Research Centre (2000) *Innocenti Report Card No.1. A league table of child poverty in rich nations*, UN Children's Fund, Florence (www.unicef-icdc.org/cgi-bin/unicef/Lunga.sql?ProductID=226).

Vandemoortele, J. (2000) *Absorbing social shocks, protecting children and reducing poverty: The role of basic social services*, UNICEF Working Papers, New York.

Watkins, K. and Fowler, P. (2002) *Rigged rules and double standards: Trade, globalisation, and the fight against poverty*, Oxford: Oxfam.

Watts, H.W. (1980) *New American Budget Standards: Report of the Expert Committee on Family Budget Revisions*, Special Report Series, Institute for Research on Poverty, University of Wisconsin, Madison.

WHO (World Health Organisation) (1995) *The World Health Report 1995: Bridging the gaps*, Geneva: WHO.

WHO (1998) *The World Health Report 1998: Life in the 21st century - A vision for all*, Geneva: WHO.

World Bank (1990) *World Development Report 1990: Poverty*, Washington, DC: World Bank.

World Bank (2001) *World Development Report 2000/2001: Attacking poverty*, New York, NY/Oxford: Oxford University Press.

Notes:

⁽¹⁾ See vandenbroucke.fgov.be/Europe%20summary.htm for a summary of the new EU poverty and social exclusion indicators and www.vandenbroucke.fgov.be/T-011017.htm for discussion.

⁽²⁾ In the past, the Food and Agricultural Organisation (FAO) has also produced estimates of absolute poverty using per capita food expenditure (Engle coefficients): 59% and over indicated absolute poverty, 50-59% hand to mouth existence, 40-50% a better off life, 30-40% affluence and 30% and below, the richest (Ruizen and Yuan, 1992).

⁽³⁾ “[A] representative, absolute poverty line for low income countries is \$31, which (to the nearest dollar) is shared by six of the countries in our sample, namely Indonesia, Bangladesh, Nepal, Kenya, Tanzania, and Morocco, and two other countries are close to this figure (Philippines and Pakistan)” (Ravallion et al, 1991).

⁽⁴⁾ See the OECD FAQ's about PPP at www.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-faq-513-15-no-no-322-513,FF.html.

⁽⁵⁾ For a more comprehensive review of the problems with the World Bank's 2000/01 *World Development Report on attacking poverty* see the review by the International Social Science Council's Comparative Research Programme on Poverty (CROP, 2002).

