

SOCIAL PROGRAMS OF POVERTY ALLEVIATION

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Contents

1. Introduction
 2. Programs of Poverty Alleviation: An Overview
 3. From Poverty to Social Exclusion: The New Agenda for Program Evaluation
 4. A Framework for Program Evaluation
 5. Individuals and Households
 6. Individuals and Communities
 7. Individuals, Communities and Countries
 8. Conclusion
- Acknowledgements
Bibliography
Biographical Sketch

Summary

This paper has three tasks. First, it offers a brief overview of some of the principal social programs of poverty alleviation which governments have been deploying. Second, it re-examines the conceptual basis for analysing and evaluating these programs, by reference to the reconfiguration of the poverty debate around notions of social exclusion. Thirdly, on the basis of this conceptual and analytical reformulation, it re-examines processes of social exclusion and policies of social inclusion, in advanced and developing countries. The paper offers an analysis in terms of individual endowments and livelihood strategies, the array of shocks and opportunities that are encountered and the trajectories of exclusion and 'bliss' that can result. It applies this framework not only to individuals and households, but also to communities and whole nations, both advanced and developing. Finally, it shows how this can inform the analyse of alternative policy options and trade-offs in social programs to alleviate poverty and social exclusion.

1. Introduction

For the first time in a generation, poverty alleviation is at the center of the policy agenda. Not since the US War on Poverty of the 1960s has it had such a high profile in the industrialized world; and never has it been so central to the agendas of the international institutions, notably the World Bank, the IMF and the G7 conference of industrial countries.

In the advanced world, there is growing recognition that the globalisation of national economies is introducing new insecurities for the mass of the working population and

undermining the viability of their welfare systems. Global labor flexibility (Standing, 1999) may be required for the efficient working of the international economy but for those who depend on security of employment, it spells growing vulnerability. However, at the same time as employment is becoming more precarious, bringing closer the threat of poverty for large sections of the population, national policy-makers are focusing attention on the attitudes, skills and 'employability' of such people. Income support in times of hardship is being made contingent on the recipients seeking to improve their employability; welfare is a stepping stone to work. Examples which cross the political, as well as the geographical, divide include Clinton's welfare reforms in the USA, those of both the Conservative and New Labor Governments in the UK, and schemes of 'minimum income for insertion' in France, Iberia and now Italy (Lodomez and Trickey, 2000).

What is noteworthy about these reforms is that one of the major – and most politically visible – groups of welfare dependents are lone parents: the victims of the modern fragmentation and insecurity not of the employment market but of the marriage market (Millar, 1989). For this group, the pressure to enter the labor market, while it embodies the work ethic of modern industrial societies, also collides with two of the other principal values of those societies: the obligation upon parents – mothers in particular – to devote themselves to the nurture of their children; and the principle that these societies should provide an unconditional social minimum, albeit set at a very basic level. The debate about the direction in which welfare systems should develop, although still incomplete, will determine not only the relationship between work and welfare in the post-industrial societies of the 21st Century, but the very nature of citizenship.

In the wider international debate on development and world poverty, the international financial institutions have substantially shifted their thinking during the 1990s (Gore, 2000; Stiglitz, 1998). The moves towards debt relief for the poorest countries and the recognition that programs of structural adjustment may cause further impoverishment of the poorest sections of the population both illustrate this shift. Here again, however, these developments must be set in the context of citizenship: in this case, the meaning of global citizenship. The ILO, the WHO and some arms of the United Nations Organisation are taking partial and fragmentary steps towards establishing a global framework for welfare. However, compared with the progress of the World Trade Organisation, in transforming the international trading arena, their scope is very limited.

This paper has three tasks. First, it offers a brief overview of some of the principal social programs of poverty alleviation which governments have been deploying. Second, it re-examines the conceptual basis for analysing and evaluating these programs, by reference to the reconfiguration of the poverty debate around notions of social exclusion. Thirdly, on the basis of this conceptual and analytical reformulation, it re-examines processes of social exclusion and policies of social inclusion, in advanced and developing countries.

2 Programs of Poverty Alleviation: An Overview

As argued in the opening section, the debate about the direction in which welfare

systems should develop, although still incomplete, will determine not only the relationship between work and welfare in the post-industrial societies of the 21st Century, but the very nature of citizenship. Central to this debate is the question of poverty. This itself has three elements. First, there is the technical question as to the appropriateness and effectiveness of different programs of poverty alleviation. Second, there is the larger political question as to the obligations of the non-poor, and their readiness to support such programs. Third, there is the question of the involvement of the poor themselves: what right have they to define how these programs of poverty alleviation should be fashioned, and how far should the development of the programs be contingent on their own behaviour? These three elements – and the tensions between them – define what have long been recognised as crucial dilemmas of social reform in the field of poverty alleviation (Marris and Rein, 1974).

It is the countries of north-western Europe that have confronted these questions most keenly. With their post-war political settlements defined largely around Keynesian full employment and generous welfare states, it is here that the tensions between industrialization, globalisation and social citizenship have been most obvious. What to do about the poor is central to these tensions. It is therefore worth taking stock of the west European responses in particular to this question. They center around the three alternative traditions of welfare and poverty alleviation: charity and social assistance, a remnant of the Poor Law; social insurance, related to a person's occupational record; and social citizenship, with a guaranteed level of welfare being offered to all of a given nationality in relation to their basic needs (cf Rimlinger, 1971; Esping-Andersen, 1990).

Social assistance represents the basic safety net which these north-west European societies provide for their citizens, for purposes of poverty alleviation. However, even among these countries, there is considerable variation in the level at which this minimum standard is set, and the extent to which it is a conditional or absolute right of citizenship (Robbins et al, 1994; Duffy, 1995). The effectiveness of social assistance in alleviating poverty can be considered from two aspects. First, the rates of take-up can be examined: the extent, in other words, to which those who are eligible actually receive these minimum benefits. These rates are significantly lower than those for non-means-tested benefits and this has been explained in part in terms of the stigmatising character of means-tested benefits (van Oorschot, 1991). Second, one can ask whether these benefits have been set at a level sufficient to protect their recipients from poverty and to ensure a minimum decent standard of living.

In the difficult economic conditions of the 1980s, some national governments allowed the real value of these benefits to lag behind living standards: in part to limit the burden on public expenditure; in part to ensure effective work incentives. This was the case in the UK, for example; in Spain, where minimum benefits have been tied to the minimum wage, which fell in real value during the 1980s, although it then rose during the early 1990s; and in the Netherlands and Germany, for at least part of the decade (Room et al, 1992). Only in part, therefore, have these social assistance schemes met their own goal of guaranteeing certain minimum living standards (Standing, 1999, Ch 8.) Moreover, means-tested benefits, because of their stigmatising character and the discretion which local officials exercise in their distribution, have often been criticised, as being the antithesis of citizenship rights.

Social insurance provides the second pillar of welfare in western Europe. However, social insurance is geared to contributions from, and benefits for, the secure working population. It is proving increasingly ill-suited for those with fragmented employment records. It is also ill-suited to those whose family responsibilities involve unpaid work, which traditionally goes unrecognised by employment-based income maintenance schemes. These groups of the population must instead rely on social assistance. The rising numbers of recipients of these means-tested benefits testifies to the failure of insurance-based social benefits to protect incomes during the 1980s and 1990s (Gough et al, 1997).

Citizenship incomes, providing flat-rate social benefits to all citizens with a given set of needs (old age, unemployment, etc) have historically been characteristic of the Scandinavian countries in particular. Nevertheless, the 1980s and 1990s have seen progressive corrosion of this principle, in face of globalisation of the economy and the fiscal pressures which such a welfare system produces (Stephens, 1996). Yet even while this erosion proceeds, across western Europe more generally, policy-makers are being forced to re-examine the question: what income guarantees should be extended to citizens in societies where the traditional securities of employment and family are disintegrating? Social assistance, traditionally intended to be the last resort of income maintenance, has taken an expanding role in face of the erosion of social insurance and citizenship incomes, but threatens now to reproduce an underclass of paupers and to exacerbate social division.

The response of many governments has been to define a new social contract between the State and the individual, with benefits being offered independent of employment record but contingent upon stringent work and training tests. New initiatives focus on training; job creation; measures to support, encourage, or stimulate job search; and financial assistance to unemployed people, increasingly linked to job-search obligations. To some on the political left and right these reek of compulsion, which they respectively abhor (Standing, 1999, Ch 10) or welcome. To others, however, the obligations which these schemes impose are an acceptable political price to be paid for support from more secure sections of the population (Lodomez and Trickey, 2000). Thus, for example, the French *revenue minimum d'insertion*, introduced by the socialist government of Mitterand, involves social and occupational 'insertion contracts', by which recipients are given support to re-establish themselves at work and in the local community. This has provided a model for France's neighbours, including Portugal, Spain, Luxembourg and Italy. More recently, in the UK the New Labor Government's 'New Deal' involves a similar insistence on the obligations of unemployed people, lone parents and people with disabilities to take up training and employment and on the obligation of government to ensure that these opportunities are available. All of these programs, precisely because they aim at social insertion, aim to involve many more actors than the social benefit authorities alone: employers and trade unions, local government, voluntary organisations, etc (Finn, 2000).

Social assistance, social insurance and citizenship incomes are all concerned with protecting the levels of consumption which an individual or a household can enjoy. However, the policy developments and dilemmas described in the foregoing paragraphs point to a wider context for poverty alleviation. First, social assistance and social

insurance look respectively to present needs and past employment performance; the new schemes of income support look to retraining for future productivity, and thereby focus on investment in skills as much as on consumption. Second, the proactive stance of poverty prevention and alleviation programs bears witness to the growing range of insecurities in modern industrial societies: it is not enough to organize income maintenance schemes around the certainties of past employment or present want. Third, the effort in some of these recent programs to reactivate social partnerships, as the precondition for 're-insertion', makes explicit the links between poverty alleviation, institutional change and the responsibilities of major stakeholders in the socio-economic functioning of the societies concerned (Lodomel and Trickey, 2000).

These developments put in question traditional conceptualisations of poverty and approaches to the analysis of programs of poverty alleviation. It is in this context that new concepts of 'social exclusion' have become fashionable, both to understand the problem of poverty and to guide and frame programs of poverty alleviation.

3. From Poverty To Social Exclusion: The New Agenda For Program Evaluation

The international discussion concerned with poverty has during the 1990s been reconfigured in terms of 'social exclusion'. This has been particular obvious in the European debates, although these have had a much wider influence (for example within the United Nations Development Programme and the work of the International Institute of Labor Studies: see Rogers et al, 1995). The European debates themselves were reshaped by Delors, as President of the European Commission, and the French political debate on which he drew, with the European Commission adopting the language of 'social exclusion' from the late 1980s. The Council of Ministers passed a Resolution in 1989 calling for action to combat social exclusion and in 1990, the Commission set up a research network, a so-called 'Observatory', to monitor national trends and policies in this field (Room et al, 1992). Alongside these initiatives by the EU institutions, the Council of Europe also set about commissioning studies of social exclusion, focused on the wider range of European countries which make up its membership, and informed by its specific interest in human rights (Duffy, 1995).

Nevertheless, the notion of social exclusion has been used with little precision, and has remained too incoherent and confused to serve as a reference point for policy and research, despite various efforts at clarification (for example, Abrahamson, 1997; Berghman, 1995; Levitas, 1996; Saraceno, 1997; Silver, 1994). If social exclusion is to be used here for analysing and evaluating social programs of poverty alleviation, it is first necessary to make it more precise and to clarify its relationship to traditional notions of 'poverty'. There are, it will be argued, five main elements in this reconfiguration: none of them is wholly new, but together they promise a distinctive new vantage point (Room, 1999).

First, 'social exclusion' involves a shift from a focus on financial disadvantage to a broader and multi-dimensional concern, which recognises for example the links between low incomes and poor housing; between educational failure and a lack of skills on the job market; between a deprived childhood and subsequent patterns of health and sickness. Until recent years it was commonplace in poverty research - in particular,

cross-national studies - to focus on the disposable income (or expenditure) of an individual or household at a given moment in time (see, for example, European Commission, 1981; O'Higgins and Jenkins, 1989; Eurostat, 1990). The reason for this narrow focus was, at least in part, because of the limited data that were available on a cross-nationally comparable basis. It is now increasingly recognised that this is unacceptably narrow.

Second, there is a shift from a static to a dynamic analysis. It is not enough to know how many in the population fell below a particular poverty line at a given moment: it is also necessary to know what proportion manage to move out, and under what conditions. Recent studies, in a number of west European countries, confirm that whereas thirty years ago a large proportion of the poor were long-term poor – in particular, elderly people on low incomes - today the balance has shifted towards lone parents and others of working age. Their periods in a state of severe need are often short-term, even if these periods then recur, and even if large numbers never wholly escape from financial difficulty (see for example, Goodin et al, 1999). It is also necessary to consider investments in future consumption and security, not just current consumption.

Third, the notion of social exclusion involves a recognition that rather than focussing almost entirely on the individual or the household and their diminished resources, it is necessary also to take account of the resources available within the local neighbourhood or community (Davis, 1998). This is because people's living conditions depend not just on their personal and household resources but also on the *collective* resources to which they have access. If a family is suffering financial disadvantage, the consequences may be exacerbated by poor neighbourhood resources, or moderated if they are of a high standard. The availability of cheap and efficient public transport; the presence or absence of local shops and banks; the quality of common play areas for children: these are all factors that modify the experience of personal want which families and children experience.

Fourth, the notion of social exclusion carries a focus, not on the distribution of resources – and on those who lack a minimum level of resources – but on the social relations that bind people to society – and hence on those who lack such bonds. These social relations link people to a variety of different organisations and communities: the workplace; the extended family; the local neighbourhood and its informal organisations; welfare services (Paugam, 1996; Silver, 1994).

Fifth, the notion of social exclusion carries with it the idea of discontinuity, or rupture, more or less permanent. It suggests that, rather than society being a continuum of inequality, with the resources of which people dispose differing merely in degree, it has within it significant numbers of people who are suffering such a high degree of multi-dimensional disadvantage, of such duration, and reinforced by such material and cultural degradation of the neighbourhoods in which they live, that their relations with the wider society are ruptured catastrophically and to a degree which may be irreversible, unless extraordinary efforts are made (Wilson, 1987).

How can the concept of social exclusion be operationalised, for purposes of analysing and evaluating social programs of poverty alleviation? Can a single overarching

framework be developed for societies at very different levels of development or does this search for conceptual unity only blunt the edge of these analytical tools? Can a single framework embrace processes of exclusion and inclusion as they affect individuals, local communities and whole countries or is the quest for a unified theory again counter-productive? It is to these questions that the paper now turns.

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