

Eradicating poverty by lowering the bar

World Bank statistics, using a definition of poverty based only on income and with a very low extreme poverty line (currently estimated at USD 1.25/day) substantiates the claim that the first Millennium Development Goal was already achieved in 2010, primarily due to poverty reduction in China. Yet, while extreme poverty so defined is the key aspect in all assessments of the MDGs, 75 of the 161 countries categorized as “developing” lack available data to assess progress on this indicator. If the approach was successful, goes the implicit logic, it makes sense to continue it beyond 2015, the year in which the MDGs are meant to be reached, with a small set of goals centered around poverty eradication and a target of “zero poverty in a generation,” that is, by 2030. This is precisely what the World Bank has already decided it would do.

In fact, several studies show that the speed of progress towards several key indicators, such as reducing infant mortality or reaching gender parity on primary school enrollment, has slowed down since 2000, rather than being boosted by the political commitment expressed in the MDGs. Total world exports multiplied almost five times over the last 20 years, growing from a total value of USD 781 billion in 1990 to USD 3.7 trillion in 2010. Over the same period, the average income of the world’s average inhabitant more than doubled, from USD 4,080 per year in 1990 to USD 9,120 in 2010. Yet the growth in trade and wealth is not reflected in similar progress along social indicators. The Basic Capabilities Index (BCI) computed by Social Watch, which averages infant mortality rates, the number of births attended by trained personnel and enrollment rates in primary school, all key components of the MDGs, moved up only 7 percentage points between 1990 and 2010, which is very little progress. And over this period, progress was faster in the first decade than the second – increasing over four percentage points between 1990 and 2000 and of barely three percentage

points between 2000 and 2010. This trend is the opposite of that for trade and income, both of which grew faster after 2000 than in the previous decade. Moreover, slowing progress on social indicators will only get worse as the impact of the global financial, economic food and energy crisis is gradually being registered in internationally comparable statistics.

The obvious explanation of this mismatch between a growing economy and slow social progress is increased inequalities, both between and within countries.

The distinction between “absolute poverty” in low-income developing countries and that of “relative poverty” in advanced economies was formulated in 1973 by Robert McNamara, then president of the World Bank, and the absolute poverty line was set at 30 cents of the US dollar per day. Adjusted for inflation, 30 cents in 1973 amounts to USD 1.60 in today’s dollars. Yet the current line, is now USD 1.25, hardly enough for “the elimination of malnutrition and illiteracy, the reduction of infant mortality, and the raising of life-expectancy standards to those of the developed nations” as envisioned in 1973. It might merely keep a person from starving, which is the new definition of “extreme poverty.”

According to the World Bank’s own projections, it is likely that the proportion of people

under the USD 1.25 line will be less than 10% by 2030 if current growth rates are maintained and inequality does not worsen. The message to the governments of the world is, therefore, that nothing needs to change to win this war. So why are we not celebrating? People around the world do not rejoice because the poverty they experience and perceive is not the same as that measured by the Bank, one that remains fixed even as people rise above it.

The founder of modern economics, Adam Smith, wrote in the 18th century that “by necessities I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without...” At a time when technological change occurs faster than it did 80 years ago, it makes little sense not to allow the poverty line to increase with actual wealth, but to freeze it at the levels established in 1973, adjusted below the inflation rate.

If the poverty line moved according to income, and if we assume that the very low USD 1/day line was correct in 1990 (the baseline date for MDG1), this line should currently be located far above USD 2/day, as the world per capita income has more than doubled between 1990 and 2010. Which

Serbia: A fast way to reduce poverty

According to the 2009 National Report on the Realization of MDGs, the poverty rate in 2007 was halved in Serbia in comparison to 2002 (14% vs. 6.6%) and the extreme poverty rate was close to zero. That would have been an overachievement in terms of the MDGs. Yet, the latest data have shown that this positive trend was only a result of the methodology used for measuring

poverty. The 2012 Report, based on EU standards, shows that in 2010, 9.2 percent of the population lived below the absolute poverty line, up from 8.8 percent in 2006, while the Gini coefficient of inequalities rose from 32.9 to 33.0. The unemployment rate in Serbia is among the highest in Europe. ■

Mexico: A human rights perspective is needed

The UNDP places Mexico among countries with the highest level of development, but ECLAC statistics on poverty and homelessness show that while Mexico was below the Latin American average on rural and urban poverty in 2000, this figure rose to 36 percent in 2010, way above the regional average of 29 percent. This means that of Mexico's 112 million inhabitants in 2010, over 40 million were poor.

This figure is conservative when compared to the numbers provided by the National Council for the Evaluation of Social Development Policy (Coneval), which uses eight factors to measure poverty: income, education, access to health services, access to social security, quality of housing, basic services at home, access to food and social integration.

Coneval defines *poverty* as affecting the population whose income is less than the requirement of a well-being line (monetary value of a basket of food and essential goods and services)

and lacking in at least one of six social deprivation areas. Extreme poverty is defined as affecting those that suffer deprivation in three or more of those areas and whose income is below the monetary value of the food basket. Thus, Coneval estimated that in 2010, about half of the Mexican population lived in poverty (i.e., 52 million people) and just over a tenth lived in *extreme poverty* (some 13 million people). Of the remaining population, nearly three in ten (32 million people) were considered *vulnerable*, as they had at least one social deprivation, even when their income was above the welfare line. Only a fifth of the population was not considered poor or vulnerable.

According to the Mexican Social Watch report, "to achieve significant and sustainable change in the lives of people and communities, and not only reduce gaps in statistics, it is essential to rethink current paradigms of social and economic development from the perspective of human rights." ■

means that a much larger proportion of the world's population than what the World Bank estimates lives below "essential decency". Yet to substantially improve their lives would still be an achievable goal, since average global income now equals about USD 30 per day per person.

Does it make any sense to raise the bar of development objectives when the major advanced economies are in recession or growing very slowly? Won't the public in those countries reject the notion of spending more abroad when austerity is cutting down social expenditures at home? For a global agenda to obtain the public's support, which is at the root of political commitment,

both the poverty extremes and the inequalities that account for mass mobilizations from the "indignados" of Europe to the Arab Spring to the Occupy movement in the US, need to be addressed.

Will the global community today be able to agree on such an ambitious agenda? If the non-starvation level as defined by the "extreme poverty" line is inadequate, how can "essential decency" be defined internationally? As early as in 1948, the Universal Declaration of Human Rights combined both the aspiration of freedom from fear and freedom of want. With the exception of sustainability, which can be constructed as the rights of future generations, all other goals

are already spelled out in the Human Rights instruments. This includes all civil and political rights, equality between women and men, rights of the child as well as the right to food, water, housing, health care education, the right to work and rights at work, and the right to social security. Each state is responsible to progressively achieving those rights "to the maximum of available resources." For a rights-based approach the question is not what the goal is, because the goals are already spelled out as rights, but *when* will they be progressively realized (and governments should ensure that there is no regression, even in times of economic crisis).

The road ahead: Monitoring and accountability

In a letter to the negotiators preparing for the Rio+20 Summit on sustainable development, two dozen special rapporteurs of the UN Council, the globally most trusted independent experts on Human Rights, expressed that "commitments will remain empty promises without effective monitoring and accountability."

Such accountability should be both international and domestic. Moreover, monitoring should be carried out through the Universal Periodic Review of the Human Rights Council or a similar ad hoc mechanism. Nationally, independent monitoring bodies should be created or strengthened "that enable civil society participation not only in defining the indicators to measure progress, but also in providing information to evaluate implementation."

In a highly unequal world, "mutual accountability" as defined in the aid agenda is not an appropriate mechanism. Monitoring developing countries' performance should not be handed to donors or carried out within a donor-recipient framework. It should be the role of the carefully balanced human rights mechanisms. Unless a set of rigorous monitoring and accountability mechanisms are integrated into the new framework, we are likely to witness an ineffectual development agenda that fails to deliver. ■