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Is Global Poverty Reduction a Political Myth?

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UNITED NATIONS, Jul 13, 2010 (IPS) – When the United Nations hosts a summit meeting of world leaders next September to assess the current state of its Millennium Development Goals (MDGs), it is expected to single out one of the major “success stories” of the day: a reduction in global poverty.

But have there been any real, significant successes in the absolute number of people worldwide who have escaped poverty?

The United Nations is convinced the developing world as a whole remains on track to achieve the poverty reduction target (a 50 percent cut) by 2015. But the numbers may belie that.

At the global level, the number of people living under the international poverty line of less than 1.25 dollars a day declined from 1.9 billion to 1.4 billion: a reduction of about 500 million people.

The argument by most critics is that these figures are distorted because the successes are mostly in a few countries, primarily China, Vietnam and Brazil, and to a lesser extent, India.

Fuzzy Math

If you take a second look at the figures, which are the World Bank’s revised estimates of people living under the poverty line of 1.25 dollars a day, says Roberto Bissio of Social Watch, “What we have is that world poverty (including China) decreased by 500 million (1.9 billion minus 1.4 billion).”

Yet, according to those same figures, poverty in China decreased by 627 million (835.7 minus 207.7).

That means that, outside China, poverty increased in that period by more than 127 million people.

And those figures refer to 2005, when an international survey on household incomes was conducted that allowed the establishment of the PPP (Parity Purchasing Power of the different national currencies, used to adjust the poverty line).

Since 2005, according to the World Bank, the food crisis and the global financial crisis have sent at least another 100 million people under the poverty line, Bissio pointed out.

“Thus, it is just a spin to convince the naive that MDG Goal 1 is being met, while the same figures show that poverty is increasing around the world, with the exception of China,” he told IPS.

If you take other poverty lines – two or three dollars per day, or even better, national poverty lines based on the needs and means of each country – the actual number of people living in poverty around the world might well be some 4.0 billion, an absolute majority of the world population, and not just the bottom billion, he argued.

“It is high time we faced the truth,” Bissio said.

China and Vietnam account for the largest reductions in the poverty rate, and India accounts for much of the reduction in South Asia, according to the latest international assessment released by the U.N. Development Programme (UNDP).

And the decline in absolute poverty levels in Latin America and the Caribbean – another so-called “success story” – is largely accounted for by Brazil.

According to the Brazilian Institute of Applied Economic Research, Brazil has exceeded the MDG target to cut extreme poverty by half by 2015: between 1990 and 2008, the number of Brazilians in extreme poverty has been reduced by 81 percent.

If so, is the reduction in “global poverty” a political myth?

Asked for his comments, Rob Vos, director of the Development Policy and Analysis Division at the U.N.’s Department of Economic and Social Affairs (UN-DESA), told IPS: “It is true that most of the poverty reduction comes on account of China – when measured in absolute numbers.”

According to the data presented in the U.N.’s World Economic and Social Survey, the total number of poor in the world decreased from 1.9 billion in 1981 to 1.4 billion in 2005, when the last international survey was conducted.

In China alone, he said, the number of poor decreased from 835.1 million in 1981 to 207.7 million in 2005, which meant a sharp decrease of China’s poverty rate, from 84.0 to 15.9 percent.

In Vietnam, the decrease in the poverty rate over the same period was staggering: from 90.4 to 17.1 percent, and much progress was made in much of East Asia, said Vos.

“India’s contribution to global poverty reduction has been less impressive,” he added.

In South Asia as a whole, he pointed out, the absolute number of poor increased from 548 million to 596 million during 1981-2005.

As a share of the population, South Asia’s poverty rate did fall – from 59.4 percent in 1981 to 40.3 percent in 2005 – but because of population growth it was not enough to stop the increase in the number of poor, Vos argued.

A reduction of 50 percent “in extreme poverty and hunger” is the first of the MDGs, which also include universal primary education; promotion of gender equality; reduction of child mortality by two-thirds; cutbacks in maternal mortality by three-quarters; combating the spread of HIV/AIDS, malaria and other diseases; ensuring

environmental sustainability; and developing a North-South global partnership for development.

A summit meeting of 189 world leaders in September 2000 pledged to meet all of these goals by the year 2015.

The upcoming MDG summit, scheduled to take place in New York Sep. 20-22, will be attended by 192 member states, mostly represented by heads of state or heads of government. They are expected to adopt a plan of action to accelerate the progress towards meeting the eight goals by the deadline.

Asked about MDG poverty reduction in the context of China, Dean Baker, co-director of the Washington-based Center for Economic and Policy Research, told IPS: "I don't know that there is any distortion."

Still, he said, China has made enormous economic progress in the last three decades and it has benefited much of its population. The situation elsewhere in Asia, he pointed out, is much more mixed, with some countries, such as Bangladesh, not faring very well.

"Africa has generally performed very poorly and Latin America is a mixed bag," he said.

"Certainly the 00s were better than the 90s. So, I think it is important what has taken place in China in terms of reducing poverty – although they certainly did not follow a neo-liberal model – but much of the rest of the developing world has not done very well," said Baker, author of "Taking Economics Seriously".

Roberto Bissio of the Social Watch international network is sceptical about the figures. He said the World Bank is not only systematically underestimating poverty in the world – perhaps to show some degree of success, since it claims to be an institution fighting poverty – but is also hiding it under the shadow of China to conceal the evidence. [see sidebar]

Vos of UN-DESA admitted that the least progress has been made in sub-Saharan Africa.

"In the world's poorest region, the absolute number of the poor increased over the past three decades: the number of people living on less than 1.25 dollars per day increased from 212 million to 388 million people," he noted.

As a share of the total population, the poverty rate remained almost unchanged in the region.

"As with any aggregate number, just looking at global poverty may hide large differences," Vos told IPS.

"There has been enormous success in reducing poverty, but we have seen a lot of it in some parts of the world and very little elsewhere," he declared.

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