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Measuring Poverty in order to Eradicate It

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A- Measuring Poverty in order to Eradicate It

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Abstract. In 2000, the UN established its Millennium Development Goals, with the notable aim of halving extreme poverty by 2015. That same year, the European Union launched its Lisbon strategy, containing an injunction to “*make a decisive impact on the eradication of poverty by 2010*”. Since 2007, France has set a national target of reducing poverty by one third over five years. These proactive policies call, in all three cases, for technical elucidation to define and describe poverty. Each of the three scales—French, European and international—has its own approaches and methods of quantification. And yet their similarities are more significant than their differences.

Keywords. Poverty, European Union, UN, MDG, indicators, France.

Eliminating poverty is—albeit with different definitions, resources and indicators—a goal for public policy on three different levels: international, European and, in the case of France, national. The principle of setting outcome targets for the fight against poverty has been accepted in France, the European Union and the wider world since the turn of the millennium (section I). But the goal of diminishing or eradicating poverty presupposes, at each of the three scales, a clearly defined set of measures and indicators (section II). After ten years of experiment, discussion and definition, we can now put forward a synthesis, in table form, of the three approaches (national, European and global), with their divergences and convergences (section III).

1 Progress through targets (the world, the European Union, France)

In France, the fight against poverty is now a key component of social policy. Under the triple impact of unemployment, shifting family structures, and migration—which have transformed household composition and income—poverty has once again become a central question for public authorities and for the law, after being almost forgotten by the post-war generation.

These concerns and orientations have become an integral part of the legislative landscape. Poverty management systems have been constantly developing since the beginning of the 1980s. But has the phenomenon really become so widespread as to justify such an investment? To judge solely by the indicators most commonly used nowadays (at least in Europe), poverty in France declined sharply between the 1970s and 1990s, and has since leveled out. Poverty is conventionally defined in terms of the share of the population whose standard of living is below a threshold set at 60% of the median standard of living. Behind France's diminution and stabilization of poverty, measured in relative monetary terms, lie a series of

radical transformations (urbanization and concentration, increased welfare dependency, with poverty affecting a younger, more female demographic and becoming common among salaried workers). At the same time, a whole raft of initiatives has been launched. The latest creation, dating from 2008, is the *Revenu de solidarité active* (RSA), a minimum welfare benefit accompanied by top-up payments for those on the lowest incomes. It was to support the introduction of the RSA that the government announced, in October 2007, the goal of reducing poverty by a third in five years.

The declaration of such an aim, with all its inherent ambiguities, has been greeted variously with enthusiasm, skepticism, criticism... even sarcasm. But it is not new in the international context. Whether it be by the European Union or the United Nations, the goal of reducing or even eradicating poverty has been expressed since the turn of the millennium.

The idea of diminishing, attenuating, eradicating, eliminating or even abolishing poverty—an idea now enshrined in national and international texts—calls for a bit of background. Without necessarily going back to religious sources, one can point to a number of public stances and proposals in that direction, at least from the 18th century onward. The same cause has mobilized intellectuals, men of letters and men of faith: the likes of Thomas Paine, Condorcet, Malthus, La Rochefoucauld, Victor Hugo or, more recently, Amartya Sen, Joseph Wresinski and Muhammad Yunus.

Leaving the major philosophical constructs to one side, let us look at ten movements toward using specific quantified objectives in the fight against poverty. This is not a series of chronological steps in any logical sequence—more an inventory of the ideas that have been put forward.

1. The ambition of reducing or even eliminating poverty came to be asserted after the Second World War,

notably in some of the founding international texts. The Preamble to the Universal Declaration of Human Rights of 1948, for example, famously aspires to “*the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want*”.

2. To a certain extent, the foundations of the social security system in France, in their more Beveridgian aspects, displayed a determination to abolish need, or at least to provide shelter against the risks of existence and the uncertainties of the future.
3. The goal of putting an end to poverty was affirmed very explicitly in the United States in the 1950s, and in the 1960s under the Kennedy and Johnson presidencies. In January 1964, President Johnson declared an “*unconditional war on poverty*”. The experts of the day envisaged eliminating poverty in the space of one generation.
4. Again in the American context, the partisans of untrammelled liberalism (very much in the economic rather than the social sense) along the lines of Milton Friedman or Friedrich Hayek, because they advocated minimal basic protection, held that poverty could be eradicated in a society of freedom and market economics.
5. In the French context, the liberal idea found clear support with Lionel Stoléru’s proposal, in the 1970s, to “*vanquish poverty*” through negative income taxes. At a time when poverty was being rediscovered and social exclusion was entering the political agenda, the watershed years of the 1960s and 1970s gave rise to fertile debates, albeit restricted to academic and administrative circles.
6. Still in France, but gradually extending to the international scale, the ATD Quart-Monde movement certainly played a major role in the promotion of such an ambition, tied in with the affirmation of human rights.
7. It was, indeed, at the international level, in the framing of programs to foster development, that the idea was fine-tuned and the objectives explicitly spelt out. The heads of state attending the Copenhagen Summit in 1995 undertook to “*eliminate poverty*”, and at the Millennium Summit, five years later, they affirmed their determination to “*free our fellow men, women and children from [...] extreme poverty*” and to “*create an environment [...] conducive to development and to the elimination of poverty*”, thus paving the way for the millennium development goals (MDGs) with their quantified targets. In 2000, the French government, along with the rest of the international community, committed to cutting levels of extreme poverty in half by 2015. There followed a barrage of expert opinions from a number of international intellectual figures involved in the design and evaluation of the MDGs, explaining that it was possible to make poverty history.
8. At the end of the 1990s, certain European countries—guided in part by this international declaration—announced a

highly ambitious set of targets. They included Ireland and, above all (being the best-known example), the United Kingdom. In March 1999, just before the second anniversary of his arrival at 10 Downing Street, Tony Blair announced to general surprise—at a conference in honor of William Beveridge on the subject of adapting the welfare state to the 21st century—the target of eliminating child poverty in 20 years: “*our historic aim will be for ours to be the first generation to end child poverty, and it will take a generation. It is a 20-year mission*”.

9. At the European level, Member States were enjoined—as part of the Lisbon strategy, launched in 2000—to take measures that would “*make a decisive impact on the eradication of poverty by 2010*”. Although, unlike the MDGs, this ambition is not pinned down to quantified targets, it has nonetheless had significant consequences in the fight against poverty and social exclusion. More than the actual objective, it is the instrument of this policy, the Open Method of Cooperation (OMC), which has been a vector for change.
10. While France has certainly occupied a driving seat in the design of Europe’s “*social inclusion*” policies, it has not been a pioneer when it comes to quantifiable goals. During the 2000s, a number of reports and personalities have put forward ideas and findings, imported partly from other national experiences and from the international context, advocating the definition of quantified targets, with an initial focus on child poverty.

These ten movements, though they may differ fundamentally in their intellectual origins, have ultimately come together—albeit taking, at first view, very disparate forms—at the three different levels of France, the European Union, and the world.

2 The eternal question of definitions and estimations

With the national, European or international orientations now setting targets, quantified or otherwise, for the elimination or attenuation of poverty, we come inevitably to the question of indicators, that never-ending topic of sophisticated analysis and heated controversy. The normative choice of approaches, indicators, and data collection methods is essential to the process of measuring and informing. Its importance becomes even more crucial when it is carried out in support of policies designed to reduce or eradicate the phenomena that these techniques seek to delimit and describe.

We cannot escape from the debate about the absolute and relative dimensions of poverty. The usual ways of measuring of poverty, in France and the European Union, are based on a relative definition of the phenomenon. In fact, they measure inequality rather than poverty as such. By contrast, the international measures of poverty, as used by the UN and the World Bank, and indeed by the United States, specify—no less debatably—a threshold below which individuals and households are considered poor, without reference to the situation of others. This absolute threshold does not vary in response to income distribution or social position.

Table 1. The objectives assigned to poverty reduction/elimination programs.

<p>WORLD The eight millennium development goals (MDGs)</p>	<p>EUROPE Overarching OMC objectives for social protection & inclusion</p>	<p>FRANCE Eleven thematic poverty reduction objectives</p>
<p>1. Eradicate extreme poverty and hunger</p> <p>2. Achieve universal primary education</p> <p>3. Promote gender equality and empower women</p> <p>4. Reduce child mortality</p> <p>5. Improve maternal health</p> <p>6. Combat HIV/AIDS, malaria and other diseases</p> <p>7. Ensure environmental sustainability</p> <p>8. Develop a global partnership for development</p>	<p>Promote:</p> <p><i>a) social cohesion, equality between men and women and equal opportunities;</i></p> <p><i>b) effective and mutual interaction between greater economic growth, more and better jobs, greater social cohesion, and sustainable development;</i></p> <p><i>c) good governance.</i></p> <p>A decisive impact on the eradication of poverty and social exclusion, by ensuring:</p> <p><i>- d) access for all to the resources, rights and services needed for participation in society;</i></p> <p><i>- e) the active social inclusion of all;</i></p> <p><i>- f) that social inclusion policies are well coordinated.</i></p> <p>Adequate and sustainable pensions, by ensuring:</p> <p><i>- g) adequate retirement incomes for all;</i></p> <p><i>- h) financial sustainability of public and private pension schemes;</i></p> <p><i>- i) that pension systems are transparent and well adapted.</i></p> <p>Accessible, high-quality and sustainable healthcare and long-term care, by ensuring:</p> <p><i>- j) access for all to adequate health and long-term care;</i></p> <p><i>- k) quality in health and long-term care;</i></p> <p><i>- l) that adequate and high quality health and long-term care remains affordable and financially sustainable.</i></p>	<p>1. Combat monetary poverty and inequality</p> <p>2. Combat the accumulation of hardship</p> <p>3. Combat child poverty</p> <p>4. Combat youth poverty</p> <p>5. Combat poverty among senior citizens</p> <p>6. Combat poverty among people in work</p> <p>7. Promote access to employment</p> <p>8. Promote access to housing and help people stay in their homes</p> <p>9. Promote access to education and training</p> <p>10. Promote access to healthcare</p> <p>11. Combat banking exclusion</p>

Table 2. Three “central” indicators in one table.

Central (first-listed) indicator on each of the 3 scales: UN, European and French				
	Indicator	Definition	Ambition of related policies	Quantified target
UN (MDGs)	Extreme poverty	Proportion of the population with less than a dollar a day in purchasing power parity	Eradicate extreme poverty and hunger (announced in 2000 for 2015)	Between 1990 and 2015 reduce by half the proportion of people living on less than a dollar a day
European Union (OMC)	Risk-of-poverty rate	Percentage of people living in households whose equivalent income (based on the modified OECD scale) is less than 60% of the national median	A decisive impact on the eradication of poverty (announced in 2000 for 2010)	
French approach	Time-bound monetary poverty rate with an initial threshold at 60% of the equivalent median income	Percentage of people living in households whose income is less than 60% of the median standard of living, as assessed at the start of the reference period and reevaluated yearly against the consumer price index	Reduce poverty by one third in five years (announced in 2007 for 2012)	A one-third reduction over 5 years

Today’s experts compete in the sheer virtuosity of their analysis. The debate is becoming increasingly sophisticated, and with it, our knowledge. And yet there are still differences between schools: between an absolute measure and a relative measure of poverty, but also between a monetary approach and a capability approach, evaluations centering on primary goods (*à la* John Rawls) or on capabilities (*à la* Amartya Sen). These theoretical considerations have an impact on indicators and practices. While they largely agree about the need to start by protecting freedoms, two of the leading thinkers in the field of social justice, John Rawls and Amartya Sen, disagree over the definitions and contours of poverty. For Rawls, a just society is, firstly, a society that ensures equality of freedom for all. It can then be called “just” if it shares out the “primary goods” (the right to vote, freedom of thought, socio-economic benefits, etc.) equitably between its members.

Should social justice be measured by the yardstick of the distribution of goods (as Rawls suggests) or by the greater or lesser satisfaction of individuals (as traditionally advocated by the utilitarians)? This is a skewed choice, responds Sen. What needs to be equaled out are people’s “capabilities”—i.e. their ability to make real life choices. Sen strives to go beyond discussions about what degree of inequality is acceptable. Analytically, he distinguishes between equality among people and equality with regard to goods. He seeks to base justice on an equality, not of goods, but of everyone’s fundamental ability to benefit from these goods.

For all the abstraction of these grand philosophical and moral constructions, there is now a very clear consensus (in fact, there has been for a very long time) about the multi-dimensional character of poverty. The same observation is made repeatedly: poverty cannot be reduced to a single indicator, no matter how sophisticated and widely accepted it might be. For decades, sociological and economic studies of poverty have stressed that there is no unique path to an understanding of poverty. It is a multi-dimensional phenomenon with multiple facets. It is also embedded in a context, in an environment. Under the international criteria (a person is in a situation of absolute poverty when his or her income, or, more exactly, purchasing power, is less than about one dollar a day), there are no poor people in France, at least according to the international institutions that produce the data... And if we take the French poverty thresholds and apply them to Romania, the majority of the population there turns out to be poor (which, following the European conventions, is impossible when the threshold is defined as a proportion of the national median income).

Eliminating poverty is, indeed, arithmetically possible with an absolute definition, so long as it doesn’t contain too many dimensions. With a strictly relative measure, however, it is impossible. Hybrid approaches have therefore been developed, which improve our knowledge of problems as well as our ability to assess the performance of public policies. Poverty, which cannot be viewed through the prism of a sole

Table 3.

Poverty rate in France, the European Union, and the world (2005)—according to three different definitions	
France	13% (1)
European Union	16% (2)
World	22% (3)

(1) INSEE for the time-bound monetary poverty rate in 2005 (the monetary poverty rate at the 60% median income threshold for 2005).

(2) EU-SILC–Eurostat for the risk-of-poverty rate at the 60% median income threshold for 2005.

(3) World Bank and UN.

indicator, even a synthetic indicator, is universally the target of whole batteries of data relating to its various dimensions.

3 Three interlacing approaches

It is relatively simple to produce an initial table summarizing the various goals, from the MDGs to the French program, via the OMC. The three columns list the objectives of the international community, the European Union and France respectively with regard to the reduction and/or elimination of poverty.

The second table, below, lists the first indicator from each of the detailed portfolios that accompany the objectives at each level: global, European and French. The first indicator is usually the one that is most commented upon and most frequently cited, and which is therefore associated, in political statements, with the monitoring of poverty reduction.

The OMC “risk-of-poverty rate” is perfectly synonymous with the “poverty rate” of common parlance. The term was chosen in order to insist, once again, on the fact that poverty cannot be apprehended by a purely monetary approach. The relative monetary approach provides an approximation of poverty, but does not encompass the entire phenomenon. It is nonetheless the first of the dimensions, at least in the tables and “portfolios” of European indicators.

It is logically possible to compile a table of poverty rate values for one year (as it happens, 2005) according to the three definitions used for the three different scales of intervention. For the global data, a simple ratio suffices. According to the estimates of the international institutions for 2005, 1.4 billion people live in poverty. The UN estimates the size of the global population, at the end of 2005, at 6.5 billion. This yields a poverty rate of 22%.

This is, in a sense, a table of “official” data. If we were to take, for example, only the French definition of poverty, and apply it to the world, we would get a very different picture. Almost the entire planet would be poor. Conversely, if we took the definition used by the international institutions, we would have the same figure as above for the world, but a very low rate (close to zero) for the European Union, and even lower in France (vanishingly close to zero).

The validity of establishing a global poverty rate is questionable. The international institutions rarely attempt to do so, although the calculation itself could hardly be simpler. Its questionable character lies in the comparison with poverty rates in rich countries. It is, perhaps, an exercise in style, but it is far from being totally without foundation.

4 Conclusion—the European Union in 2020: 20 million fewer people in poverty?

We can now conclude this paper on an altogether more recent note. The somewhat technical topic of setting quantified poverty reduction targets came into the spotlight during discussions over the European Union’s new strategy. After Lisbon and the OMC, the Member States—at a time of financial turmoil—focused on the outlines of their joint orientations for 2020. And it emerged that the reduction of poverty, measured against targets, could be one of the EU’s main areas of action.

Despite the hesitations of some Member States, the European Ministers of Social Affairs succeeded in reaching agreement on a quantified target: getting 20 million people out of poverty by 2020. This target is, ultimately, tied in with a relatively complicated bundle of definitions and indicators, but three main criteria are used: “risk of poverty” (i.e. relative monetary poverty), “material deprivation” and “living in jobless households”. The agreement states clearly that Member States remain free to set their own national targets, using the indicators they deem most appropriate among the three established criteria.

The conclusion to be drawn from this latest episode of proposals and exchanges about setting quantified targets can be expressed in simple statistical terms: perfection—at least when it comes to poverty indicators—does not belong to this world...