

Combating poverty and inequality through social policies: Reflections on the UNRISD report

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Poverty has returned to the centre of academic and policy discourse in the development field since the late 1990s. After being marginalized in the previous decade, when a reduction in poverty was viewed as an eventual outcome of structural adjustment policies to promote market-led growth, a new global consensus emerged at the turn of the millennium, with unprecedented mobilization around the Millennium Development Goals (MDGs).

Despite the renewed focus on poverty – reflected for example in the Poverty Reduction Strategy Papers (PRSPs) of the IMF and World Bank, as well as the MDGs – progress towards its reduction has been highly uneven and subject to reversals. Moreover, inequality has remained a neglected policy issue: for much of this period, growth was deemed sufficient to alleviate poverty; addressing inequality, it was argued, would compromise growth; what happened at the top end of the distribution was not therefore an issue of policy concern (Bangura, 2011). Interventions instead focused on tackling the extremes of poverty, with little, if any, concern for rising inequalities either within or between countries. However, as the 2010 UNRISD report *Combating Poverty and Inequality*:

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Structural Change, Social Policy and Politics argues, high levels of inequality are an obstacle to poverty reduction and development.

Building on a decade of research by UNRISD on social policy in a development context, the research for this report aimed to understand processes of poverty reduction within a broader social development framework. It questioned the efficacy of interventions narrowly targeted towards the poorest, particularly in contexts where poverty rates were high, where restrictive macro-economic policy frameworks constrained domestic demand and employment generation, and where the political analysis of poverty was reduced largely to a technocratic agenda, ignoring contentious issues of power relations. Through historical and comparative studies of countries that had experienced growth with improved levels of well-being over recent decades, the report analyses the kinds of policies that led to sustained poverty reduction and to levels of equality consistent with an inclusive and cohesive society. It systematically explores the causes, dynamics and persistence of poverty in different contexts, investigates what works and what has gone wrong in international policy thinking and practice and lays out a range of policies and institutional measures that countries can adopt to alleviate poverty and reduce inequality.

Repositioning poverty reduction within the broader political economy of development, the report examines the ideas, policy regimes and institutional arrangements that lead to different development outcomes. It explores the potential of universal provision of social transfers in developing countries, arguing that the successful reduction of poverty demands strategic state interventions to transform the process and relations of production, reproduction, redistribution and protection. This involves inter-linkages between patterns of structural change that create virtuous cycles of remunerative employment; appropriate social policies that support productive and reproductive sectors, ensure adequate redistribution and protect those in need; and forms of politics that are inclusive and representative of the poor.

Specifically, from a social policy perspective, the report draws several lessons from successful country cases. First, it provides countervailing evidence to the fiscal feasibility argument. It shows that a number of welfare policies were and are feasible and affordable for countries at fairly low levels of income. Evidence from across the world suggests that poverty levels have been drastically reduced after social transfers were implemented. In particular, those countries with comprehensive social policies aiming at universal coverage made the most significant inroads into poverty and inequality. Second, the report demonstrates the limits of targeting approaches in developing countries where a substantial proportion of the population lives in poverty. Under such circumstances, targeted interventions are unlikely to address the underlying causes of poverty or to achieve adequate levels of coverage. Narrowly targeted social policy interventions are costly, difficult to administer, politically vulnerable and produce segmented, uncoordinated welfare systems that may exacerbate poverty and exclusion. Third, it argues that social policy, employment-centred growth and structural change are interdependent. The redistributive mechanisms of social transfers and services, tax revenues from employment and the socialization of the care burden can create a virtuous cycle for economic and social development. Social policy can thus play a transformative role when organized and coordinated with employment-centred growth and structural change. Last, but not least, is the emphasis on addressing inequality as a major obstacle to poverty reduction. Since the approaches taken by the PRSPs and

MDGs are concerned primarily with absolute levels of poverty, neither directly addresses the issue of inequality. In contexts of high inequality, growth is often concentrated among sectors that benefit the elite; the poor, on the other hand, are likely to be excluded from market opportunities or lack the resources to benefit from growth. High levels of inequality make it harder to reduce poverty even when economies are growing.

The findings and arguments of the report have found additional resonance in the aftermath of the financial crisis, providing inputs into discussions of alternative development frameworks and agendas. The multiple and transformative functions of social policy to prevent, manage and overcome situations such as illness, maternity, disability or old age, unemployment, economic crises and natural disasters that adversely affect people's well-being are essential components of any development strategy that can manage the dangers and risks of multiple crises. The report clearly recognizes, however, that there is no one-size-fits-all solution that can address the diversity of temporal, spatial and other conditions. Newly emerging issues demand a continual reinterpretation of findings and of policy options. New ideas, policies and movements – alter-globalization, innovative global financing mechanisms, the global social protection floor to highlight a few – will reframe the development discourse in coming years.

Against this background, the *Global Social Policy* Forum invited a number of scholars to reflect on some of the key arguments and findings of the report, particularly in reference to the chapters dealing explicitly with social policy. They cover issues of universalism and targeting in social protection, gender and the care economy, financing of social policy and the politics of poverty reduction and social policy. A number of important research gaps and policy issues are raised in these commentaries. Overall, there is widespread agreement with the analysis and arguments, but the major challenge lies in translating many of the findings into an operational agenda for action in different contexts and at different levels. The authors highlight a range of actors – from the household and private sector to multilateral organizations – elaborating the interests and contestations involved in moving towards a universal social policy agenda. Finally, two authors note the position of UNRISD itself within this constellation of actors – suggesting the need for further reflection on our own role and how this can be used in the formulation of a global social policy agenda.

Reference

Bangura Y (2011) Inequality and the politics of redistribution. *European Journal of Development Research* 23: 531–536.

Biographical notes

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