



From the global politics of poverty alleviation to the global politics of welfare state rebuilding // Bob Deacon

The essential argument of this CROP Poverty Brief is that for the past thirty years the dominant discourse in international development has been the global politics of poverty alleviation which focuses on the poor and seeks policies to lift them out of poverty, protect them from it or compensate them for it. I argue that this discourse needs to give way to the global politics of welfare state rebuilding focused on the alliances that need to be constructed between the poor and the non poor (especially the middle class) to rebuild bonds of solidarity nationally and internationally.

Key points:

- We must break from the “global politics of poverty alleviation” paradigm and (re)build developmental welfare states and a universal approach to social policy within which the interests of middle class state builders are central.
- Effective functioning states which meet the welfare needs of their citizens and residents do so because they also meet the welfare needs of their state builders.
- A focus on the poor distracts from cross class solidarity building.
- A focus on the poor undermines the middle class commitment to pay taxes.
- Countries need higher education as well as primary, city hospitals as well as rural clinics, wage related pensions as well as social pensions and cash transfers to poor.
- We need to pay civil servants, judges, tax collectors more money to avoid endemic corruption.
- The recurrent budget of the state needs to be in aid budgets.

During the thirty last years of global neo-liberalism social policy in the context of development became relegated to a residual safety net approach (Deacon et al 1997, 2007, Mkandawire 2004, de Haan 2007). The dominant focus of the World Bank, IMF and much of the aid industry, supported by the MDG approach of the UN was focused only on the poorest of the poor working with the erroneous assumption that the question of poverty could be solved without addressing issue of equity, social inclusion and the role of the state in fostering a developmental project for the benefit of all social groups. In the context of the global economic crisis, it has become imperative to break from this “global politics of poverty alleviation” paradigm and (re)build developmental welfare states and a universal approach to social policy.

The destruction of partial welfare states

Historically in Europe welfare states were built not primarily for the poor but for the workers (to prevent social unrest) and the best ones accommodated too the welfare needs of the middle class by providing good quality services for which they would be willing to pay taxes. In Latin America, in the context of import substitution policies, and in Africa and parts of South Asia in the context of state lead socialist post colonial development embryonic partial welfare states were built to serve the needs of the state builders. As is now well understood these state lead development strategies in Africa and Latin America were challenged and largely destroyed during the structural adjustment period of the 1980s and 1990s. In a different context the welfare achievements of state socialist Eastern Europe and the Soviet Union were similarly challenged in the 1990s. The World Bank played a key role in damaging national social policy in a development and transition context. Its insistence on user charges prevented access to education and health. Its beneficiary index demonstrating that public spending often benefited those other than the poor was used in effect to undermine the embryonic welfare

states of Latin America, South Asia and Africa. Ironically in the name of the poor the welfare state achievements were eroded. The losers were the urban middle class who had depended upon state universities and hospitals and pensions. These losers were in danger of being thrown into the arms of new global private service providers and as a consequence abandoning their historic role as state builders.

The OECD:DAC targets of the 1990s focused on aid being delivered to the poorest of the poor. This paved the way for the UN MDGS which preferred primary schools to universities, rural clinics to urban hospitals. PAYG pensions were being eroded at the same time in the name of individual savings which, in the context of the global economic crisis did not deliver on their promises. Now the opportunity exists with the collapse of the global neo-liberal policy agenda and the rediscovery of Keynesian state investment to break from this politics of poverty alleviation and refocus on the developing inclusive social policies that also serve the welfare needs of the non poor.

Rebuilding Cross-Class Solidarities

The question is can we re-establish this global politics of welfare state (re) building within the context of globalisation and its economic crisis? In this global a fraction of the middle class who have been abandoned by their states (with a bit of help from the Bank and IMF) and not themselves fallen into poverty, have become outward looking and aspire to have their needs met by attachment to global markets (in education and health) rather than national states. Can this be reversed? Jeremy Gould (2005:148-9) has demonstrated that the Aid business itself has played a major part in seducing the professional and middle class of developing countries from the developmental role they used to occupy. Refocusing the professional and middle class on re-building state capacity is the paramount task.

At the level of global discourse three strands of thinking are evident in the wake of the global financial crisis. One is the strengthening of the IMF as the agency to distribute the new funds allocated to it by the G20. Here a largely unreformed IMF would suggest a return to the politics of poverty alleviation and safety nets for the poor. Second is the UN's resolve to establish a global social floor con-

sisting of a minimum social protection package of social pensions, child benefits and access to basic health and education (UNCEB 2009). Worthy as this is an advance on targeted safety nets it does not address the need for middle class inclusion in the services to be delivered. Third are the marginalized voices of UNRISD, UNESCO's MOST programme, and UNCTAD which support the ideas in this policy brief. **The UNCTAD Least Developed Countries Report 2009** argues the case that "the developmentally orientated elite...should establish a social compact through which broad sections of society support the developmental project" (UNCTAD 2009: 51).

To conclude, as Nancy Birdsall says in a Centre for Global Development Policy Brief, (Birdsall 2010): "A focus on the middle class does not imply a lack of concern for the poor. To the contrary: in the advanced economies the poor have probably benefited from.....universal and adequately funded education, health and social insurance programmes a middle class wants and finances through the tax system".

Sources: Birdsall, N (2010), The (Indispensable) Middle Class in Developing Countries, or The Rich and the Rest not the Poor and the Rest. Centre for Global Development Working paper No. 207. www.cgdev.org (to be published in Kanbur and Spence (eds) Equity in a Globalizing World, Washington, World Bank; Deacon, B et al (1997), Global Social Policy: International Organisations and the Future of Welfare, London Sage; Deacon, B (2007) Global Social Policy and Governance, London Sage; Deacon, B (2010) "Shifting Global Social Policy Discourses and Governance in Times of Crisis", UNRISD conference paper. www.unrisd.org; Gould, J. (2005). The New Conditionality: The politics of poverty reduction strategies, London, Zed Press; De Haan, 2007, Reclaiming Social Policy, Basingstoke, Palgrave; Mkandawire, T. (2004). Social Policy in a Development Context, Basingstoke, UNRISD, Palgrave; UN CEB (2009) The global financial crisis and its impact on the work of the UN system. UNCEB Issue Paper; UNCTAD (2009). The Least Developed Countries Report 2009, Geneva, UNCTAD

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