



Poverty, Incomes and Social Protection: International Policy Perspectives

Richard Hoefler & James Midgley

To cite this article: Richard Hoefler & James Midgley (2012) Poverty, Incomes and Social Protection: International Policy Perspectives, Journal of Policy Practice, 11:1-2, 1-7, DOI: [10.1080/15588742.2012.624060](https://doi.org/10.1080/15588742.2012.624060)

To link to this article: <http://dx.doi.org/10.1080/15588742.2012.624060>



Published online: 20 Dec 2011.



Submit your article to this journal [↗](#)



Article views: 337



View related articles [↗](#)

INTRODUCTION

Poverty, Incomes and Social Protection: International Policy Perspectives

RICHARD HOEFER

School of Social Work, University of Texas at Arlington, Texas, USA

JAMES MIDGLEY

School of Social Welfare, University of California, Berkeley, California, USA

Throughout human history, livelihoods have been secured through work. Whether engaged in hunting or gathering, herding animals or cultivating fields, work has provided the primary means of sustenance. Of course, forced labor in the form of slavery and serfdom was also ubiquitous and formed the basis of the wealth of a small proportion of landowners and aristocrats. Although the ancient civilizations relied extensively on slavery, it was here that wage employment first emerged as way of securing a livelihood. Merchants and traders not only depended on slaves but also hired skilled labor and similarly, rulers and the aristocratic class remunerated the services of craftsmen, administrators, and military officers. This practice was institutionalized with the invention of money and the payment of monetary wages. With the growth of urban economies in Europe and the advent of industrialization, large numbers of workers were absorbed into wage employment. By the twentieth century, industrial wage employment had replaced subsistence agriculture as the primary means of securing a livelihood. This process accelerated further with the growth of services and particularly the expansion of information and financial services. Today, the majority of people in Europe and other Western countries secure their livelihoods through wage employment.

The creation of wage employment on a mass scale has been a primary factor in the reduction of poverty in West over the past two centuries. Wage employment is also increasing steadily in the developing countries of the Global South and particularly in East Asia where the transition from agriculture to a modern industrial and services economy has been very rapid indeed. This development has also been accompanied by a dramatic fall in the incidence of poverty. Although a sizable proportion of the labor force is

still to be found in the agrarian sector in many parts of the developing world, even here wage employment opportunities are expanding. However, in some countries, the failure of economic policies to create wage employment has become a significant problem, particularly for young educated people, which has been exacerbated by the recent global recession. Nevertheless, it is the expansion of wage employment and the prospect of securing a regular income that motivates millions of people around the world today. It is also a primary goal for political leaders and economic planners who seek to reduce the incidence of poverty.

Although the creation of wage employment is widely viewed as the key to poverty reduction, it is not a panacea. Indeed, critics have claimed that the expansion of wage employment resulting from industrialization has created new challenges such as environmental pollution, the alienating routinization of work, labor exploitation, and the decline of traditional family values. The dependence on wage employment also has limitations. Recurrent economic cycles have resulted in widespread unemployment and a loss of income for many families. Even during normal economic times, contingencies that interrupt, reduce, or terminate income, such as sickness injury, disability, age-related infirmity and death can have serious social consequences. This problem has been recognized, and since the nineteenth century, social protection programs that seek to maintain the incomes of those who are unable to work have expanded, particularly in Europe, North America, Japan, and other countries where wage employment is a primary source of income. Social protection is also known as social security, income protection, income security, entitlements, cash transfers and transfer payments to name but a few. While the term is also used to refer to the provision of in-kind benefits as well as a number of social services, it is primarily associated with monetary transfers.

As is well known, social protection programs include social insurance, employment mandates, universal social allowances, social assistance, fiscal credits and rebates, and other statutory mechanisms that maintain income when wage employment is interrupted or terminated. In addition to its income maintenance function, social protection also includes programs that subsidize the incomes of those who work regularly but whose wages are insufficient to provide an acceptable standard of living. Social allowances and some social assistance programs are specifically designed to meet this goal. A key element of these programs is the belief that income maintenance and support should be provided through collective means. This requires that social protection has a statutory base, be funded through taxes and administered by a government or quasi-government agency.

It is often assumed that social protection programs only emerged in the twentieth century but these programs, particularly in the form of social assistance, are actually very old and can be traced back to ancient times.

It is also assumed that social protection programs such as social insurance are a feature of the so-called Western “welfare state” but they have also been established in the developing countries of the Global South. However, in these countries, they have historically concentrated resources on those in the formal wage employment sector of the economy. Although social assistance is not directly linked with wage employment, these programs are often poorly funded, limited in scope, and focused on the alleviation of urban destitution. The result is that the impoverished majority of the population seldom has access to social protection.

Although this problem has been recognized, it has been argued that economic growth and industrialization will eventually absorb labor from the agrarian and informal sectors into regular wage employment, and that this will result in the gradual expansion of social protection and a decline in poverty. This argument was widely accepted and, for many years, social protection attracted little attention in development circles. Today, the situation has changed and social protection is high on the agenda of the governments of many developing countries. Social protection has also become a major topic for scholarly inquiry in the academic field of development studies. However, this new interest involves a variety of innovations that are significantly different from the social protection programs mentioned earlier. Recognizing the limitations of social insurance, social assistance, and other approaches, new social protection initiatives have been introduced. In addition, many of these programs are specifically directed at poverty reduction rather than income maintenance. Although this is also a function of social protection in the North, the use of social protection for poverty reduction has been given high priority in the developing world. Another distinctive feature of social protection in the Global South is the involvement of community-based and nongovernmental organizations. Although governments continue to play a major role, greater use is being made of non-statutory organizations as well as grassroots community groups.

These innovations now have global relevance and are influencing social protection policy in the West. They have also contributed to the way social protection is being redefined. Instead of focusing on “occupationalist” programs that are directly linked to wage employment, they include a variety of new programs and projects targeted at poor people. The result is the emergence of a much broader conceptual approach that emphasizes social protection’s multifaceted characteristics. Conditional cash transfers and microinsurance are just two examples of programs that have contributed to a new definition of social protection. In addition, the Eurocentric focus of much social protection thinking has now been accompanied by a new internationalism that has direct implications for social policy everywhere. One example is the international diffusion of commercially managed retirement pensions which originated in Chile in the 1980s. Another is the more recent

interest in conditional cash transfers by Western policymakers. As noted earlier, the redefinition of social protection also transcends its historic association with “welfare statism” to include community-based, nongovernmental and commercial providers.

CONTENT

With this set of articles, we hope to provide insight into the way social protection policy is being redefined as a result of the new commitment by governments around the world to use these programs to reduce poverty. The case studies presented here seek to show how innovations in social protection have emerged in different countries. They also discuss various aspects of social protection that will be of interest to readers. While some of the case studies are primarily descriptive and seek to document recent trends in different countries, they also address important social policy issues. Others are particularly topical because they provide useful updates on recent social protection innovations.

We begin with an introductory article by James Midgley that examines a number of key debates and issues in social protection today. Elaborating on the prior discussion in this editorial, the author shows that social protection is experiencing a resurgence of interest as a number of governments in the Global South have introduced new policies and programs and used social protection as a poverty alleviation strategy. Although this development has broadened the conventional definition of social protection and transcended its link with wage employment and income maintenance, it has also created confusion as a plethora of new programs have emerged and as scholars have failed to agree on what types of interventions should be designated as social protection. The author links this issue to the wider question of what the goals of social protection should be. This topic has fostered lively debates in the field. Next, the author examines issues related to implementation. As the scope of social protection has broadened to include very different projects and programs, questions relating to organizational sponsorship, coverage, funding and managerial efficiency have been raised. By reviewing debates involving these issues, the author hopes to clarify some of the topics that have relevance for policy practice and the adoption of social protection policies around the world.

Anthony Hall examines the political dimensions of Brazil’s conditional cash transfer program known as *Bolsa Família*, which has attracted a great deal of international attention. Today, *Bolsa Família* is the world’s largest conditional cash transfer program paying benefits to more than 12 million poor families. Research suggests that the program has alleviated absolute poverty and helped promote human capital development. However, the author notes that its political dimensions have been neglected by social

policy scholars. These include, for example, President Lula da Silva's use of *Bolsa Família* for electoral purposes, the spread of clientelism and patronage in the distribution of benefits, and the growing dependence of Brazil's poor on income transfers rather than productive employment. Furthermore, there are indications that the popularity of *Bolsa Família* across all political parties is encouraging short termism in social policy. The author discusses the implications of these aspects for social policy and expresses concern that the political use of the program could undermine policies that seek to promote employment and social investments in health, basic education, housing and other social programs.

Next, Yapeng Zhu contends that significant progress has been made to extend social protection to China's rural population in the wake of the recent economic transition. The government's economic policies, which have encouraged marketization and integration into the global economy, have undoubtedly produced high rates of economic growth and significant improvements in standards of living for hundreds of millions of people but, despite this remarkable achievement, poverty persists, particularly in the country's rural areas. Recently, the government has sought to address the problem by introducing several new social protection measures directed specifically at the rural population. This development challenges the widely held assumption that China's social policy is characterized by a residual approach that provides limited, targeted resources to the neediest sections of the population but it does not mean that the new social protection initiatives are without problems. These are social assistance, social insurance, and employment generation. These programs and their contribution as well as limitations are discussed.

In the next article, Richard Hoefler and Carolyn Curry discuss Food Security and Social Protection in the United States. Two major programs are described. The first is Food Stamps, which is officially known as the Supplemental Nutrition Assistance Program (or SNAP). This program has been in existence for many years and provides food purchase vouchers to low-income families irrespective of whether they are in receipt of other benefits. In fact, many are low-income families whose breadwinners work full time. Others, mostly single mothers, are in receipt of other benefits as well but rely on food stamps to make ends meet. Although the program is a major component of the American and social protection system, it has attracted relatively little attention from social policy scholars. The second program is the Special Supplemental Nutrition Program for Women, Infants and Children. The clients for this program are pregnant and postpartum women, their infants, and children up to the age of five years. The authors contend that these programs deserve closer scrutiny in the post-welfare reform era and at a time of severe budgetary retrenchment. The authors examine the program's scope, adequacy and accessibility to those in need as well as future prospects for the programs and their clients.

Following this, Silvia Borzutzky discusses the recent reforms introduced by the government of President Michelle Bachelet in Chile to the privatized pension system created by the military government of General Augusto Pinochet in 1980. The Pinochet privatization has been widely referred to as a “reform” of the country’s social insurance retirement system that had been established many decades earlier. The Pinochet government claimed that the existing social insurance system had failed to meet the needs of the country’s elderly people and that a privatized system based on individual accounts would give people greater choice when deciding their pension options. However, over the past three decades, it has become clear that the goals of the privatization have not been met. Many Chilean workers have not accumulated sufficient funds to meet their pension needs and have been compelled to turn to the government for social assistance. On the other hand, higher paid workers, the commercial firms administering the privatized system, investors, and corporations have benefited enormously at a high cost to taxpayers. Building on previous attempts to address these problems, the Bachelet government appointed a high-level commission to review the situation and make recommendations. These recommendations were largely implemented in 2008 resulting in a reform of the so-called Pinochet “reforms.” The author describes the main features of the privatized system and reviews the changes that have been introduced. Although these do not fully address the weaknesses of the privatized system, they are a major step toward extending social protection to the country’s population as a whole and in ensuring that all elderly people have adequate pensions in their retirement.

David Piachaud traces developments in social protection in Britain and examines their impact on child poverty during the Labour administration (1997–2010) and the newly elected Coalition government of 2010, which is comprised of the Conservative and Liberal democratic parties. The author assesses how far the Labour government’s measures were successful in achieving its stated goals of providing security for those who cannot work and in for promoting work for those who can. The Labour government’s commitment to abolish child poverty within a generation, and its progress in achieving this goal is assessed. The government’s adoption of asset-based welfare in the form of the Child Trust Fund and its role and contribution is also examined. Under the Conservative-led Coalition which came into office in 2010, priority has been given to reducing the public sector deficit and this has had direct implications for social protection, particularly to the payment of universal child benefits and the Child Trust Fund. The coalition government has also declared its intention to reduce welfare dependence. The author concludes with an analysis of the way these recent changes are reshaping and transforming Britain’s social protection system.

Next, Leila Patel discusses the way South Africa’s social protection system was refashioned after the democratic election of the Mandela

government in 1994. The government sought to use social protection to meet the country's constitutional mandate to promote social and economic justice, reduce poverty and to address the legacy of its apartheid past. This has resulted in a sizable increase in social protection expenditure and coverage. One step was to expand the country's existing means-tested retirement pension system, ensure equity in benefits and increase the amount of the pension. Another was the introduction of an innovative social protection program in 1998 known as the Child Support Grant which was designed specifically to alleviate child poverty by paying a cash allowance to families with children. By 2009, the program reached about 10 million poor children and is now widely acknowledged to be the government's most successful poverty reduction program with far-reaching developmental impacts. The article provides an overview of the history, rationale, and implementation of the grant, assesses its impact and discusses some of the challenges it faces. It draws on a household survey of recipient families in July 2010 in one of the poorest wards in the township of Soweto and shows that the grant has had a positive effect by reducing poverty. The survey gender dynamics of the grant are also examined. The author concludes that in order to achieve its goals, the grant needs to be complemented by other social development interventions with seamless access to effective public services.

Finally, Sirojudin and James Midgley describe a social protection innovation in Indonesia known as the Social Welfare Insurance Program (SWIP), which is targeted at informal sector workers. As in many other developing countries, most of those who secure their livelihoods in the informal sector of the economy have no access to the statutory social protection system, but they and their families are poor and face adversities that often reduce or terminate their incomes. When faced with crises of this kind, they are compelled to turn to friends or neighbors or to seek aid from faith-based and charitable organizations. They also rely on mutual aid associations. The authors show that in many developing countries, non-formal mutual aid practices on formalizing have resulted in the introduction of what is known as microinsurance. It is in this context that the Indonesian government has sought to promote microinsurance through its SWIP program, which funds community-based organizations to operate local insurance programs that, in return for small contributions, pay benefits to informal sector workers and their families. The authors describe the program, assess its impact and examine its limitations as well as potential for expansion. They suggest that microinsurance is likely to play an increasingly important role in social protection in the future.