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The Abolition of Child Poverty and the Right to Social Security: a possible UN model for child benefit?

A Report to the ILO, GTZ and DfID

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The Abolition of Child Poverty and the Right to Social Security: a possible UN model for child benefit?

We live in a world where children are accorded priority emotionally and politically. Five of the eight Millennium Development Goals (MDGs) of the UN are directed at children: one is to eradicate extreme poverty and hunger, another to drastically reduce under-five mortality, a third to reverse the spread of HIV/AIDS, malaria and other diseases, and the fourth and fifth to ensure full and gender-equal schooling (see Appendix I for the goals as set out by the UN in 2000). However, those in authority at the UN have conceded that declared progress towards the goals cannot be made by 2015 (Brown and Wolfensohn, 2004).

The fact that these goals were announced at the start of the century shows that the policies designed over several decades to protect children's welfare have failed and that failure is underscored by the admission that progress towards fulfilling the goals is small. The growing number of scarifying accounts of the hunger, exposure to conflict and abuse, extreme poverty and premature death still experienced by many millions of children across the world must concentrate the public mind (UNICEF, 2004; 2005). It is not enough to set new goals. Finding – and agreeing – the necessary replacement policies is the top priority. New policies have to be devised to replace those that have failed. They have to have large-scale direct and positive effects. The time for elaborate pretence, with selectively helpful pilot projects for a very few children and for image-building by organisations at token cost, is over.

Children's living standards are often wrapped up in the living standards of their families or 'households'. Their social security, like their share of income and expenditure, is not defined precisely. Their entitlement to benefit is usually defined in relation to the entitlement of the family or household of which they are members. The scale of their right to income

in developing countries has still to be defined, categorised for different age-groups in different locations, and endorsed by representative governments.

A number of reports, especially those from the International Labour Office (ILO) (for example, Cichon and Scholz, 2004; and see Townsend, 2007, pp.15-17), have shown a continuing positive relationship between economic development and the expansion of social security systems. This has applied to the history of all the industrialised world and is beginning to apply more strongly to middle and low income countries. In recent years, promising initiatives have been taken by some of their governments to accelerate the growth of social security systems and, in particular, protect those unable to obtain paid employment, including children, the elderly and disabled, from the worst poverty. This report aims to take the argument three steps further:

1. to focus on children, who have greater risk of being in poverty than adults and no opportunity to contribute to their own social security;
2. to pin down the nature and causes of child poverty to improve policy-effectiveness; and
3. to demonstrate that international funds have to be found quickly to match national resources to meet child poverty directly.

I will discuss:

- the consequences of poverty and multiple deprivation for child survival and health;
- child rights as the appropriate framework for measurement, analysis and the construction of policy;
- the need to reveal the extent of international responsibility for funding anti-poverty strategies;
- the recent disappointing history of international finance; and, as the most practical alternative,
- the use of a currency transfer tax to build up a UN Investment Fund for child benefit.

Consequences of child poverty and multiple deprivation

A special investigation for UNICEF found that 56% of children in developing countries – 1.2 billion children – experienced one or more forms of severe deprivation. Over half of these (674 million) suffered at least two forms of severe deprivation, such as the total absence of toilet facilities, lack of nearby clean water, malnutrition, extreme overcrowding and poor shelter (Gordon *et al.*, 2003; UNICEF, 2004). This is more potent evidence of child poverty than the (very crude, and unreliable) estimates by the World Bank of the numbers of children in households with less than US$1 per capita per day[1]. Nevertheless, it is evident that poverty and early child mortality are intertwined – whether that poverty is measured by household income or multiple material and social deprivation.

Ten million children in developing countries die each year, mainly from preventable causes, including malnutrition, pneumonia, diarrhoea, measles and malaria (UNICEF, 2007). The World Health Organisation (WHO) found that as many as seven out of every 10 childhood deaths can be attributed to these five causes or their combination. Three in every four children seen by health services are suffering from at least one of these conditions. Many of these deaths could be prevented using readily available medical technologies at comparatively little cost and many more by providing resources for shelter, clean water, sanitary facilities, food and fuel. Thus, the free issue of mosquito nets, as illustrated in one initiative in different areas of Kenya, can dramatically reduce rates of malaria among children (Rice, 2007). Again, public provision of shelter, food and sanitary facilities and basic income as well as access to services for those widowed or orphaned by HIV/ AIDS can save many from a miserable existence and early painful death. The number of children in Sub-Saharan Africa

[1] There is good reason to ask whether the World Bank had technically achieved accurate updating of its 1985 $1 per person per day poverty line (see for example, Reddy and Pogge, 2001; Pogge and Reddy, 2003; Wade, 2004; Wade, 2007; Kakwani and Son, 2006) and why the failure to implement the original definition had not been made good in later research, as promised by the Bank in the early 1990s (see Townsend and Gordon, 2002, Chapter 14).

orphaned by HIV/AIDS is expected to rise to nearly 16 million, or a quarter of all children, by 2010 (Akwanalo Maté, 2006 and UNICEF, 2007, p.42). Globally, 1800 children are newly infected every day by HIV/AIDS (UNICEF, 2005, p.16).

The accumulating studies of enforced child deprivation are calling sharp attention to mass violations of child rights that, for many children, maintain and, for some, increase the risks of survival (Pemberton *et al.*, 2007). For health professionals, this has led recently to fuller acknowledgement of the positive relationship between human rights and health.[2]

Until now, the WHO and other international agencies have been unable to distinguish rates of child mortality and malnutrition in richer and poorer households. The use, in representative country surveys[3], of questions about assets owned by households has led to a breakthrough. Table 1 (below) gives figures from the WHO's report *World Health Statistics 2007* which, for the first time ever, measures ownership of assets and makes it possible to compare children in the poorest and richest 20% of households in the country. In countries where there is mass poverty, it should be noted that asset impoverishment may still apply to some among the richest 20%.

Table 1 compares the poorest and richest under-fives and one-year olds in India, Sub-Saharan Africa and Latin America, using three different measures. The poorest 20% are around twice as likely to be physically stunted for their age in India and Sub-Saharan Africa. This difference increases in Latin America, where the poorest are nine times more likely to be stunted. Mortality rates of under-fives in the poorest households in these three regions are also disproportionately high with India again at the

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[2] See Pemberton *et al.*, 2005; Gruskin *et al.*, 2007; MacDonald (R), 2007; MacDonald (TH), 2007; Singh *et al.*, 2007.

[3] There are now two principal sources of standardised cross-national survey data – Demographic Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS), the latter sponsored by UNICEF.

bottom of the league with the poorest children almost three times more likely to die before their fifth birthday. Finally, the table shows the proportion of one-year olds not immunised against measles. Again, India has the worst record, with nearly three-quarters of the poorest children not immunised as compared with under 20% of the richest children, a nearly four-fold discrepancy. In Sub-Saharan Africa, around one half and, in Latin America, one third of the poorest children are not immunised.

Data for individual countries in the three regions are to be found in Appendix II. The highest percentages of children found to be stunted in Sub-Saharan Africa (50% or more) were in Rwanda, Malawi, Chad, Zambia and Madagascar. The highest percentage in Latin America was 65%, in Guatemala. In India, this percentage must have been matched or even exceeded in some deprived areas.

Table 1: Child mortality and poor health conditions

Indicator	**India** (%)	**Sub-Saharan Africa** (25 countries) (%)	**Latin America** (8 countries) (%)
Under-fives stunted for age			
Poorest 20%	58	42	36
Richest 20%	27	24	4
Mortality under five years			
Poorest 20%	14	16	9
Richest 20%	5	10	4
One-year olds not immunised against measles			
Poorest 20%	72	46	34
Richest 20%	19	22	16

Source: WHO, *World Health Statistics 2007,* pp.74-77.

Using child rights to defeat child poverty

Using human rights as a methodology to pin down major patterns of development and assess policy is of growing importance. For the first time, multiple deprivation – as reflected in numerous statements in different human rights treaties – can be expressed in precise statistical and empirical terms. Coordinated national surveys, namely the Demographic Health Surveys (DHS) and the Multiple Indicator Cluster Surveys (MICS) have been and are being conducted in countries covering more than 85% of the developing world. Beginning in the last decade, a practicable method for constructing a comparable measure of the economic and social conditions of small and large populations has evolved. For example, during the five year period 2002/2007, one research team has been able to produce the first reliable global estimates for children, young people and all adults (Gordon *et al*., 2003, UN Expert Group on Youth Development Indicators, 2006; Gordon, 2008, forthcoming).

The methodology draws on the analytical framework of the human rights treaties. Human rights have come to play a central part in discussions about economic and social development and have been ratified by the great majority of governments in the world. There are rights to income and to social security enshrined in Articles 22 and 25 of the Universal Declaration of Human Rights; 9 and 11 of the International Covenant on Economic, Social and Cultural Rights; and 26 and 27 of the Convention on the Rights of the Child (UNCRC) (see Figure 1 below). Furthermore, the UNCRC contains elaborate injunctions to protect children from malnutrition, maltreatment, neglect, abuse and exploitation and ensure they are not deprived of access to clean water, sanitary facilities, shelter, health care services, education and information. Governments are enjoined to *"recognise the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development."*[4]

[4] Article 27 and also see Articles 13, 17, 19, 20, 23, 24, 26, 28, 31, 32, 34, 37 and 39.

Figure 1: The rights to social security and an adequate standard of living

Authority	Social security	Adequate living standard
Universal Declaration of Human Rights (1948)	**Article 22** — Everyone, as a member of society, has the right to social security and is entitled to realisation, through national effort and international co-operation and in accordance with the organisation and resources of each state, of the economic, social and cultural rights indispensable for their dignity and the free development of their personality.	**Article 25(1)** — Everyone has the right to a standard of living adequate for the health and well-being of their family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond their control.
International Covenant on Economic, Social and Cultural Rights (1966- came into force 1976)	**Article 9 —** The States Parties to the present Covenant recognise the right of everyone to social security, **including social insurance**.	**Article 11(1) —** The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.
Convention on the Rights of the Child (1989)	**Article 26(I)** — States parties shall recognise for every child the right to benefit from social security, **including social insurance**, and shall take the necessary measures to achieve the full realisation of this right in accordance with their national law.	**Article 27(I)** — States parties recognise the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development. **Article 27(3)** — … and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.

The statements, ratified by nearly all of the 191 nation states in the world, allow single but also multiple measures or indicators of the denial or

fulfilment of the specified rights to be devised and tracked. Therefore, social science has a considerable role to play in coordinating the collection and analysis of such evidence and evaluating policy impact.

There are two particular arguments in favour of using this methodology in relation to poverty and social security. First, all the human rights treaties allow *multiple* indicators of violations of those rights to be constructed. The UNCRC, for example, does not contain an explicit human right to freedom from poverty. However, statements about the conditions of material and social deprivation underlying poverty and characterising ill health, as specified above, occur in a number of different Articles of the UNCRC and have become the subject of national and international survey investigation. The rights are interrelated and therefore deliberate action to fulfil a particular right is relevant to the realisation of other rights. I have argued that evidence allowing the development of an index of multiple deprivation can be used to justify the selection of a minimum threshold of specific income and/or value of assets (equivalent to income) to signal those who can be identified as being beneath – or on the margins of – an objective 'poverty line' (Townsend, 1993, p.36 and 2006, p.14). This will also provide empirical evidence for the analysis and fulfilment of the rights to an adequate standard of living and of social security.

This is an example of how scientific reasoning about new policies can be built on operational definitions of violations of singly described human rights and of multiple related rights. It is also an example of what has to be done in giving progressive realisation to human rights.

The second argument is that human conditions are rarely one thing or another – either good or bad. For example, there is under-nourishment but also extreme malnutrition. There is poverty but also extreme poverty. Empirical inquiry can trace a continuum from one extreme to the other and find thresholds of severity or absence of suffering. The advantage of empirical surveys of population conditions is that moderate needs can be distinguished from severe or extreme needs and doubts about over-

generalised evidence removed. Another advantage is that, by measuring severity as well as multiplicity of condition, cause can be more exactly unravelled and priorities for remedial policy demonstrated. There is a gradient or continuum ranging from complete fulfilment to extreme violation of rights – for example, on the continuum ranging from 'good health' to 'poor health/death' (see Gordon *et al.*, 2003, pp.7-8). Courts make judgments in individual cases about this gradient to establish the correct threshold at which rights have been either violated or fulfilled. Correspondingly, scientists and policy-analysts can demonstrate the point on the gradient at which there are severe or extreme violations, so that grey areas of the interpretation of mild or moderate violation can be set aside and governments and international agencies persuaded that there are unarguable grounds for institutional action.

The language of rights therefore changes the analysis of world conditions and the discussion of responsible policies. It shifts the focus of debate from the personal failures of the 'poor' to the failures to resolve poverty of macro-economic structures and the institutions and policies of nation states and international bodies (agencies such as the World Trade Organisation, World Bank, International Monetary Fund (IMF) and UN but also the most powerful Trans National Corporations (TNCs) and alliances of groups of governments). Child poverty cannot then be considered as a parental problem or a local community problem but a 'violation of rights' that nation states and international agencies, groups of governments and TNCs have a legal and institutional obligation to remedy (Chinkin, 2001). Violations of the rights of children to health, including problems like malaria and HIV/ AIDS, would more easily be seen to be socio-structural problems and not only medical or health care problems.

Two 2007 examples may be given. The free issue of mosquito nets to selected populations (as in Kenya) can dramatically reduce rates of malaria among children (Rice, 2007). The problem is the scale of the issue – so that the children's needs are covered universally – rather than those of a small number of children covered by schemes piloted by NGOs or governments

in a few selected areas. That means more money to enable purchase and/ or free or subsidised availability of such facilities through government.

Second, public provision of shelter, food and sanitary facilities and basic income as well as access to services for those widowed or orphaned by HIV/AIDS children can save many from miserable existence and early painful death. The number of children in Sub-Saharan Africa orphaned by HIV/AIDS is expected by UNICEF to be nearly 16 million, or a quarter of all children, by 2010 (UNICEF, 2007, p.42). Resources have to be mobilised for population care and especially material resources that directly reach children (Akwanalo Maté, 2006). Again, the problem is to ensure universal coverage so that children in extreme need do not slip through grudgingly-devised safety nets and have the universal right to the minimum resources required to cover multiple needs.

International responsibility for funding: 1) TNCs

Who is responsible for ensuring these policies are universal? The argument developed here is that TNCs and the international agencies could work wonders by committing a tiny percentage of their growing resources to social security in the low income countries, and also by moving towards acceptance of minimum standards of monthly or weekly income on the part of wage-earners and those not in paid employment who are entitled to social security. Indirectly and directly, this will also strengthen their relationships with employees and their families and improve the public image of their corporation.

Both the OECD and ILO have issued guidelines on 'corporate social responsibility' (ILO, 1998; OECD, 2001). Both organisations have sought to fill a growing gap left upon the termination by the UN in the early 1990s of substantial monitoring and reporting of the trends in TNC practices. In 2003, the UN produced draft norms on the responsibilities of TNCs and other business enterprises with regard to human rights. It may be the first document to place human rights at the core of its mandate but it remains a

generalised draft (UN, 2003; Vagts, 2003, p.795; and see De Schutter, 2006). The guidelines issued by the OECD and ILO are not yet attracting vigorous debate. The desirability of universal rules of practice for TNCs and international agencies is absent from much current commentary and analysis.

The growing bargaining power of the TNCs in headquarter locations in the rich countries is creating social and economic disequilibrium. There is an 'institutional hierarchy of power' that has to be taken seriously. The triumvirate of the G8 countries, international agencies and TNCs wield the predominant economic power in the world. The power of the TNCs has been growing fast in relation to that wielded by middle and low income nation states. Within TNCs, the hierarchy of power is illustrated by elaborate stratification of wages, conditions of work and access to social security determined by Executive Boards in the US, Japan, Germany and the UK through to the 70 or 100 countries in which they operate. The biggest corporations have exceptional financial, political and legal leverage – more than all but the richest 20 nation states. The internal stratification of their power thorough corporation heads, divisional heads, national senior and lower-level staff, subsidiaries in one country or in several countries, subsidiary directors, managers and staff, sub-contractual heads, managers and lower-level employed and self-employed has many connected steps in pay and conditions.

Recent failures of privatisation schemes and of major trans-national corporations such as Enron, WorldCom, ImClone, Credit Suisse, First Boston, Hollinger International, Adelphi Communications, Martha Stewart Living Omnimedia and parts of the financial services industry, provide lessons that have to be learned and acted upon internationally to restore structural stability. In different ways their example calls attention to a general lack of information, accountability and regulation about the global operations of corporations. Recurring reports of instances of corporate corruption have paved the way for collective approaches to be made

through law and regulation[5] that go a lot further than the minimal and highly variable expressions so far of the unenforceable appeals for the observance of 'corporate social responsibility' – as contained in the OECD and ILO guidelines or in the UN's Corporate Citizenship Initiative, *The Global Compact*, launched in June 2000.

Low income countries are heavily dependent on trade with corporations with far larger resources than they possess. Through subsidiaries and sub-contractors controlled from faraway, they are restricted in the employment that can be found, the wages that can be charged, the taxes that can be raised and the conditions of life that have to be protected for national populations. Because of the scale of TNC operations, the scope they have for raising revenue from them is comparatively small. The poorest countries have too few resources to make swift headway in reducing poverty and creating real opportunities for enterprise on behalf of the great majority of their populations (see, for example, Watkins, 2002). There has been a huge upsurge in transnational resources without corresponding modernisation of company law adapted to the new social conditions and responsibilities for economic and social development, which would impose particular obligations on corporations or invite them to build collective trust by agreeing to commit a small percentage of wage costs – the 'social wage' – to social security.

In its 1998 declaration, the ILO sought to encourage governments to reinforce corporate responsibility to pave the way for *"more specific potentially binding international standards",* turning codes of conduct into *"the seed of customary rules of international law"* (ILO, 1998). The problem is that, as they stand, these guidelines have no teeth and are not routinely publicised and discussed. Observance is voluntary and not dependent on national or international sanctions or law. Some corporations

[5] For example, Scott *et al.*, 1985; Lang and Hines, 1993; Hudson, 1996; Korten, 1996; Kozul-Wright and Rowthorn, 1998; Madeley, 1999; Hertz, 2001; Hines, 2001; Sklair, 2001; Watkins, 2002; Held, 2004.

and companies are concerned about their image and good name and are prepared to moderate their practices – and profits – in consideration of the rights of their workers. Others take advantage of non-existent or inconsistent law and weak forms of inspection and prosecution. One such example is in the area of child labour. Practices have sometimes dodged existing law or prosecution by removing production from factory to home, or across local state boundaries, as in India. New practices have been springing up – for example, cotton-picking in Kazakhstan brought about by the Government closing schools early in the summer term.

A starting point for TNCs and the UN would be to draw up an agreement about children. One serious and continuing embarrassment for many corporations is that children are involved in extreme forms of labour by sub-contractors and subsidiaries in locations remote from TNC headquarters (ILO, 2005). There is evidence of children as young as seven who are involved in producing paving stones to be sent to European garden centres, footballs, clothing and carpets, operating with dangerous pesticides and other chemicals, digging trenches, picking cotton and working in mines – often for 10 or more hours a day. A common corporation plea is that illegal practices, or violations of child rights, along the production line were unintended and unknown and abhorrence of such practices by headquarters would now be passed down the chain of command. The problem is that the conditions of payment and the standards expected of the finished product inevitably affect incentives and lead to extreme practices. Accountability for such practices could be ensured by legal and other means – particularly through monitored reports and statistics for which headquarter organisations must be held routinely responsible (in the same way as nation states) and that would have to be submitted for public scrutiny. Agreement reached by the UN and TNCs about their accountability for severe deprivation among children engaged in forms of bonded labour connected with their trade represents one useful future development.

A key step of greater magnitude would be to focus attention on company responsibility for social security. In the late 19th Century and throughout the 20th Century, employers came to accept provision of a 'social wage' as a condition of making profit. Laws were enacted to provide for temporary and long-term unemployment and contributions by employers for illness and disability and other dependencies of family members, especially children, were expected. There were insurance payments for specific contingencies and taxes to meet shifts in economic conditions that could not be predicted. The social wage was one of the rules of economic operation that became widely accepted. New global conditions in the 21st Century have transformed that responsibility and a new legal and social responsibility for impoverished conditions in low income countries has to be accepted throughout the hierarchy of power exerted by headquarters corporations. The income rights of children could lie at the core of discussions to make globalisation work socially.

In the early stages of the industrial revolution, employers in the OECD countries who were expected or compelled to make substantial contributions to social protection were national rather than trans-national employers. People with hard-earned professional skills built on minimum standards of living and universal access to public social services were not at that time tempted overseas from national service or careers in the national economy and neither were they given little or no alternative but to leave chosen countries of domicile. Cross-border social security is one burning question for the 21st Century but only one example of the urgent need to develop basic universal social security.

Children have been placed at the centre of this analysis. Trans National employers could add one or two per cent of wage costs in different countries for a child benefit to help banish malnutrition, poverty and premature child death, and also encourage more schooling. The percentage could be further increased once all parties perceive the benefits of the system. That is a conclusion to be drawn from such evidence as that illustrated in Table 1 above from the World Health Organisation. A child

benefit would also have the effect of reducing extreme forms of child labour and the evasion of laws banning such labour. Standard contributions from employees as well as employers towards social insurance, or new taxes, to provide income entitlements during sickness, disability, bereavement and ageing, and the dependence of children in such families, could follow.

The question of social protection or social security in the national interest has become one of social protection in the *international* interest.

International responsibility for funding: 2a) International agencies: safety nets

The international financial agencies, especially the World Bank and the IMF, have not contributed as much to the diminution of the extreme poverty experienced by hundreds of millions of children as they would wish member governments of the UN to believe. The World Bank lends approximately $22 billion a year (the 2005 figure), $2.4 billion of which is estimated to be for social protection (Hall, 2007). However, this sum is less than five-hundredths of one per cent of world GDP and is dwarfed by the sum spent each year by rich countries on social protection (or social security) alone. Thus, the UK Department of Work and Pensions spent the equivalent of $210 billion in 2005, compared with the World Bank's total loans for social protection of $2.4 billion.

The responsibility of the UN and the international financial agencies in funding social security, especially child benefit, requires urgent review if the MDGs are to be successfully pursued. But what conclusions can be drawn from present international funding and how much of that funding actually reaches children in extreme poverty? One major part of the review would be to trace the outcome and potentialities of the 'safety-net' strategy. This is the third of the anti-poverty strategies favoured by the World Bank, the others being economic growth and investment in human capital. The problem about economic growth has been the difficulty of knowing how

much of growth actually 'trickles down' to the poor (identified as those with less than $1 a day). Similarly, the investment in primary education, bolstering human capacity to earn a subsistence living, can inevitably take many years to fulfil, and in any case does not deal with the immediate poverty of those incapable of earning a living, such as young children, disabled people and the elderly.

The World Bank has sponsored a series of 'safety-net' programmes for low income countries in agreeing loans for their economic development. Structural Adjustment Programmes (SAPs), introduced in the 1980s, were extended to many countries in different regions of the world. At least 40 of the 56 countries of Africa were involved by 1993 (Donkor, 2002, p.197). The declared intention was to stabilise national economies and promote growth by freeing imports from tariffs, general deregulation, reduced public expenditure and privatisation. However, in a short span of years serious criticisms were made of SAPs and by 1988 a Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD), influenced in part by UNICEF, was introduced. The new programme quickly became difficult to discriminate from the SAP. In Ghana, for example, it was *"underfunded and lacked clear direction….It neither mitigated poverty nor did it indeed have the capacity to do so"* (Donkor, 2002, p.227). Other programmes were substituted successively in the following years – such as the Poverty Reduction Strategy Programme (PRSP) and the Social Fund.

Many observers have come to believe that the Bank's frequent replacement of anti-poverty programmes has been to give an impression of major change and correction when the reality is different. The succession of differently described programmes has amounted to very little alteration in the strategy directed towards the entrenchment of free market policies, with small redistribution of resources in fact allowed to, or within, the low

income countries, conditional loans being balanced by rates of repayable interest that largely reverse the flow of aid[6].

The *"policy shift led to cutbacks in social investment, the privatisation of social programmes and the abandonment of social planning as an integral part of policy making"* (Mkandawire, 2004, p.7). One analyst concluded that social policy had been condemned to a *"residual category of safety nets"* (Tendler, 2004, p.119). This conclusion is borne out by illustrative statistics and by country case studies. Thus, public expenditure on social security (such as on child benefit, sickness and disability benefit and pensions for the elderly) amounts to nearly 14% of GDP (2005) in the average OECD country compared with between 1% and 3% in most low income countries, for example, 1.5% in India (Townsend, 2007, p.9; and see also ILO, 2001). Because the redistributive mechanisms of social security are not in place, even for groups who cannot be expected to gain earnings through employment, there cannot be effective 'trickle-down' from economic growth.

Individual country instances of miserly aid can also be given. One report gives a graphic illustration of a village caught up in the HIV/AIDS crisis in Malawi. The population had been depleted of young adults. There is no clinic and no source of safe water. The Malawi Government was keen to begin treatment in the country of all 900,000 infected with the HIV virus but could not afford the cost of the low cost generic anti-retroviral drugs supplied by India. With advice from the World Bank, political leaders were told by donor governments, including the US, to scale back their reasoned plan – first from 900,000 to 100,000 and then down to 40,000.

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[6] One give-away report, covering case-studies of seven African countries, scarcely mentions the safety-net strategy for incomes and basic social services, and the first sentence of its conclusion speaks volumes about the motives of the Bank. *"A common theme that emerges from the record of adjustment programmes in the seven case studies is that African governments are not yet much better at managing market economies than they were at managing economies through heavy intervention"* (Husain and Faruqee, 1994, p.427).

Finally the meagre outside funds allowed as few as 25,000 patients to be treated over five years (Sachs, 2005).

International responsibility for funding: 2b) International agencies: general aid

When questions are asked about global funding of low income countries in general, as distinct from anti-poverty measures, international agencies emphasise three sources of aid: broad-based economic growth, debt relief and overseas aid. These measures have formed the funding strategy for a period of 40 years but can only be described as unsuccessful. Factors contributing to this lack of success include 'trickle-up' growth, conditionality policies for loans, cost-recovery policies in basic social services, cuts in public expenditure, lack of social security systems, excessive privatisation, unregulated globalisation, unequal terms of trade and enhancement of the power of the global 'triumvirate' – G8, TNCs and International Financial Agencies.

Commentators have lately added a fourth element of international aid strategy – to bring about fairer trade through reform of the WTO. In practice, all four measures are principally dependent on generous decisions by the big economic powers, including TNCs, in the modern global economy. What this means for children cannot be worked out – because the four types of international funding are relatively indiscriminate and unpredictable in their distributional effect upon populations. Success depends on whether a sufficient share of additional cash income and income in kind from these sources happens to reach the poor and how quickly. Why are the results so difficult to define?

The absence of social security systems in many low income countries means that 'trickle-down' from economic growth or indeed most forms of overseas aid and debt relief, does not arise. These forms of funding are 'indirect'. They are intended to reach the poorest in particular but this is difficult to demonstrate. Monetary aid generally reaches government in the

form of repayable loans and not as payments to particular departments for, say, health and other social services and social protection. Therefore the division of loans or grants into amounts directed to particular purposes is hard to disentangle from variations already taking place in standard allocations of government resources. Measures of trends in extreme poverty and not only the lack of any follow-up of aid from outside, casts doubt on the intended outcome of these international loans or grants. This over-generalised and indirect strategy by outside bodies has contributed to the failure to reduce poverty, especially child poverty. Joint funding by outside agencies and national governments to secure mutually satisfying results would require a completely different, and probably more successful, procedure. The chances of establishing a network of health and social security centres and schools would become a lot more immediate and practicable.

Have different forms of funding been considered? The problem of the scale of resources to be made available has become acute. In September 2000, the lack of significant progress in reducing poverty, together with severe delays in implementing funding agreements led the UN General Assembly to ask for *"a rigorous analysis of the advantages, disadvantages and other implications of proposals for developing new and innovative sources of funding"*. A panel was set up under the chairmanship of Ernesto Zedillo (UN, 2001).

On the question of scale, the Zedillo Panel estimated conservatively that an additional US$50 billion was required annually to reach the MDGs. The World Bank estimated that additional overseas development aid (ODA) of US$60 billion (over and above 2003 allocations) would be needed in 2006 and US$83 billion by 2010 (World Bank, 2005, p.162). These estimates were unrealistically low, since they depended on making up the incomes of population below $1 a day and not on the realistic estimates of what proportion of the relatively indiscriminate indirect funding provided by economic growth, overseas aid, debt relief and fairer trade was likely to reach the poor. Instead, the necessary increase in ODA projected was

US$20 billion for 2006 and US$50 billion for 2010 – and even these gross underestimates leave a gap of more than US$30 billion. By that year, the total is estimated to reach an average of 0.36% Gross National Income (OECD, 2005) but *"it is not clear that this is realistic"* (Atkinson, 2005, p.6). The Netherlands, Denmark, Sweden, Norway and Luxembourg are the only countries to have reached the UN target for ODA of 0.7% of national income. In 2004, the UK stood at 0.36% and the US at 0.16%.

By 2003, the UN inquiry about alternative funding had lost momentum as well as focus. A parallel inquiry by the Helsinki-based World Institute for Development and Economic Research (WIDER) was mapping out alternative sources of development finance:

- Global environment taxes
- Tax on currency flows (for example, Tobin)
- New 'Special Drawing Rights'
- International Finance Facility (UK Government)
- Private development donations
- Global lottery or premium bonds
- Increased remittances from emigrants

Because the UN process had offered little guidance, the alternatives were presented cautiously (Atkinson, 2004). The seven alternatives are of course different in scale as well as likely support. The International Finance Facility was planned to reach a flow of US$50 billion for 2010 to 2015. Private donations, that is from NGOs, totalled US$10 billion in 2003 and might be increased, however, on past evidence, they would be unlikely in the foreseeable future to provide the predominant share of the resources needed. They can be expected to fill only a small proportion of the funding gap. The creation by the IMF of Special Drawing Rights has been opposed by the US and, since any new issue has to be approved by an 85% majority, the US alone can veto progress.

The two most promising alternatives for serious examination would appear to be a global environment tax and a currency transfer tax (CTT). The former is usually illustrated by a tax on hydro-carbon fuels with high carbon content – such as a tax on airline travel. The latter or 'Tobin' tax is an alternative tax on foreign currency transactions (covering different types of transaction – spot, forward, swaps, derivatives and so on).

Both these taxes have been vigorously opposed on economic grounds. As Atkinson has pointed out, both need not necessarily be of a scale to deserve hostility and could be scaled down to produce substantial funds without adverse reactions in different markets. A small-scale initiative could of course be criticised, on the one hand, for failing to reduce global warming or pollution, and on the other hand, for failing to reduce currency speculation. However, even small-scale taxes could produce substantial sums for international investment in development and the elimination of poverty. Such an investment could also be used to partially fund investments in a social security system by low income countries. Even a tiny CTT of 0.02% has been estimated to raise US$28 billion and a small energy tax twice this sum – giving figures from three to five times the value of all private donations.

The energies of international bodies were diverted from consideration of the CTT by two new issues which arose in 2003. First was the possible creation of an International Tax Organisation (ITO). After the United Nations International Conference on Financing for Development in Mexico in March 2003, the Zedillo Panel recommended creating such an agency within the UN and an *"adequate international tax source"* for global spending programmes (UN, 2001).

The second issue was to explore how multinational business might promote strong domestic private sectors in the developing world. In June 2003, a Commission on the Private Sector and Development, co-chaired by Ernesto Zedillo, was convened by UNDP at the request of Kofi Annan to recommend *"how to promote strong domestic private sectors in the*

developing world as a key strategy towards the achievement of the Millennium Development Goals."[7] There was no reference back to the simplicity and affordability of a single form of international tax in relation to that aim. In particular, the commission looked at how multinational business could become a supportive partner for local entrepreneurs in the developing countries. The discussion of these issues at the world conference in Davos in 2004 was inconclusive. The case for a CTT was effectively kicked into touch.

A Currency Transfer Tax: new resources for child benefit and social security

From the mid-1990s, there was a groundswell of support for the Tobin Tax, particularly in Europe[8], as a source of international finance for aid and economic stabilisation.

James Tobin put forward the idea of such a tax first in 1972 and then it was resurrected in UNDP's Human Development Report for 1994. The rate of tax lately suggested is in the range 0.1 to 0.5% of currency transactions. If applied universally, a tax of 0.1% on all currency transactions, including the charge for changing different currencies for travellers, was estimated in 2002 to be likely to raise $400 billion a year (see Townsend and Gordon, 2002, p.369) – or five times more than the low target of debt relief and aid advocated for low income countries by the international financial agencies and members of the G8.

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[7] Mr Kofi Annan, Secretary-General of the United Nations: Address to the World Economic Forum, Davos, Switzerland, 23 January 2004.

[8] For example, a report commissioned by the Federal Ministry for Economic Cooperation and Development, Bonn, concluded that the Tobin Tax is feasible and does not need global ratification but could be started by OECD or EU countries (Federal Ministry for Economic Cooperation and Development, 2002).

Eighty per cent of exchange transactions currently involve only eight industrialised countries (with the UK and USA accounting for about half) and most offshore financial havens, which might require a small consequential extension of supervision, are conveniently close to these same countries. Eighty-eight per cent of transactions also take place between five currencies: the dollar, the pound sterling, the euro, the yen and the Swiss franc (Harribey, 2002). Thus, agreement among a bare majority of the G8 countries would be sufficient to ensure large-scale implementation at a first stage.

The key question is – taxation for what? In the first years of the new Millennium, progress in implementing international taxation to pump-prime social security systems has made very little progress. In 2002, the General Assembly of the UN considered a report prepared at the instigation of Kofi Annan. The Zedillo Panel (the UN High-Level Panel on Financing for Development) had been appointed in 2001, to *"recommend strategies for the mobilisation of resources required to accelerate equitable and sustainable growth in developing countries as well as economies in transition, and to fulfil the poverty and development commitments enshrined in the UN Millennium Declaration."* The Zedillo Panel reported an annual shortfall of US$15 billion for the provision of global public goods, in addition to the extra US$50 billion per year needed to meet the MDG targets. A number of governments had been pressing for consideration of the recommendation by James Tobin of a Currency Transfer Tax. Thus, a report from the Federal Ministry of Economic Cooperation and Development in Bonn explained that the tax was feasible and could even be introduced right away by the OECD or EC countries (Federal Ministry for Economic Cooperation and Development, 2002). The European Parliament carried out a feasibility study, with France, Germany and Belgium in favour, and the Vatican coming round to acceptance. Outside the European Union, Canada also offered its active consent. Poor countries saw the Tobin Tax as something which rich

countries could implement straightaway[9], a domestic taxation control that had very small financial drawbacks for the donors but large benefits for the potential recipients. In April 2002, at Monterrey, Mexico, at a UN conference on *Finance for Development,* a number of countries pressed for the Currency Transfer Tax. The report to be submitted to the General Assembly was signed by 113 countries but innovative mechanisms of financing were given only one paragraph and were left open for further consideration.

The Zedillo Report had described the merits of a CTT as *"highly controversial"* and concluded that *"further rigorous study would be needed to resolve the doubts about the feasibility of such a tax"*. The Zedillo authors claimed to have examined a range of proposed mechanisms including a carbon tax, a currency transactions tax and a new allocation of Special Drawing Rights (SDRs), concluding that *"new sources of finance should be considered without prejudice by all parties involved"*.

However, there is no evidence that the mechanisms were examined in any depth. Surprisingly, the Zedillo Panel made no attempt to consider alternative practicable models of the Tobin Tax and to compare them, nor to deal with the difficulties said to be involved in implementing such a tax. They did not compare its merits with other methods of raising funds for overseas development and give persuasive estimates of costs and outcome. The *uses* to which the tax might be put or what social benefits might be derived were not discussed. I believe that discussion of those uses is bound to improve the practicability of introducing the tax.

A CTT of 0.2%, compared with a standard fee of 2% or 3% charged by firms for currency exchange at airports, would raise US$280 billion. A start would be feasible for those OECD countries prepared to introduce a

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[9] See Afrodad (2002) for a really good overview of where African countries stand on the Tobin Tax.

CTT for travellers. Compared with an existing charge of 2 or 3%, it seems likely that the travelling public would accept an additional charge of 0.2% if they were persuaded that the additional charge was going to be of public benefit. If all or a substantial part of it was known to be going directly to benefit the poorest children in the world, the public would accept the tax more readily.

Like a corporation 'tax' of 1% of turnover, a CTT could directly benefit children. The potential use of the tax was not considered by Tobin when introducing his idea in 1972, nor in the 1990s when publicity was again attracted to his proposal and, despite the terms of reference agreed by the Zedillo Panel, the idea was not given serious attention in 2001 and subsequently. Interpreted and administered in the name of the world's impoverished children, the tax could have considerably more public appeal and therefore potential acceptance. The proceeds of a tax – introduced severally or collectively by the richest countries – could be used to set up an international investment fund for children. Following its initiative in introducing the MDGs, the United Nations would be the obvious international organisation to administer the fund. A universal benefit for children, in cash or in kind, would attract world-wide support. It could prove to be not just a salvation for the world's children, but regain public respect for the work of the international agencies on world social development and the fulfilment of the MDGs.

Grants from that fund to governments could be made conditional on, say, payments by each government and by the UN of 50% of the cost of the programme, as well as evidence of payment. The scheme would be monitored by a representative UN Committee as well as individual governments.

Social security and child benefit in developing countries

The schemes in developing countries present a diverse picture (see, for example, ILO reports by Van Genneken, 1999; 2003). A semblance of a system had been introduced by colonial authorities in most of Asia, Africa and the Caribbean. They were extended, in the first instance, to civil servants and employees of large enterprises. There were benefits for relatively small percentages of the population that included health care, maternity leave, disability allowances and pensions. In general, they neglected the poor and especially the rural poor. After independence, this colonial-induced 'privilege' contributed to the perpetuation of internal inequalities.

In the last forty years, initiatives have been taken in developing countries themselves to establish social protection schemes. For example, in India, there are schemes in different states intended for large numbers as well as a range of schemes for small categories of the population such as middle and high ranking civil servants. Cash allowance schemes for children, disabled and elderly are, however, few and far between (for example, Justino, 2003; ILO, 2001). Allowances for children seem likely to develop only as a by-product of other social protection schemes. In 1995, the Government of India introduced an all-India social protection scheme – the National Assistance Programme (NSAP). Social assistance benefits are intended to become gradually available to poor households in the case of old age, death of the breadwinner and maternity. Thus, there are three types of benefit: the National Old Age Pension Scheme, the National Family Benefit Scheme and the National Maternity Benefit Scheme.

One of these initiatives – relevant to children – is the National Rural Employment Guarantee Act of 2005 (NEGRA), launched by the Prime Minister, Manmohan Singh, in February 2006. The Act seeks to guarantee employment for 100 days a year at the minimum wage to one person from every poor household to improve rural infrastructure – roads, school buildings and village water supply and to regenerate the land while reducing soil erosion (Mehrotra, 2006, p.13). A major problem in

developing a social security system for those who cannot be employed (or are unlikely to be employed in the foreseeable future) and especially in considering child allowances, is that the Government collects only 8-9% of GDP in taxes, compared with 22% in China (2003) and 14% generally in low income countries (1990-2001). In addition, tax revenues from the richest sections of the population have actually fallen in the last two decades (*ibid*., p.13).

In Latin America, some countries introduced social insurance and other schemes before the 1939 war and other countries followed suit after the war. A good start has been made by individual governments in the 21st Century, including Brazil, especially in schemes for children, for example, the *Bolsa Escola* programme. Relatively, local 'Conditional Cash Transfer' (CCT) schemes preceded this programme, which was launched in 2001. In less than a year, 5 million households with children between 6 and 15 years were receiving a cash benefit. Transfers were limited to US$15 a month per family, conditional on school attendance. In 2003, the programme was absorbed with other federal CCTs into *Bolsa Familia* (Britto, 2006a, p.15). Early research showed positive effects on schooling and nutrition but longer term effects on rates of poverty and child labour remained unclear (*ibid*., pp.15-16)[10]. The enlarged *Bolsa Familia* programme now reaches more than 12 million households.

Mexico was the first country in Latin America to introduce, in 1997, a nationwide CCT programme – *Progresa*. In 2002, this was expanded and renamed *Oportunidades*. The scheme confers cash or in-kind allowances

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[10] *"Initial evaluations have shown positive effects of CCTs on schooling and nutrition. The evidence regarding the impact on child labour is not conclusive since school attendance can be frequently combined with work and requires broader interventions. The impact on poverty is still not so clear. In the long run, the translation of higher educational attainment into higher earnings cannot be taken for granted. It depends on the quality of education, rates of employment, absorption of skilled labour in the economy and general rates of return to education"* Britto, T. (2006a), pp.15-16. See also Britto, T. (2006b).

to the household (up to US$60 a month) on condition the children attend school and health check-ups are arranged for all members of the household (*ibid*., p.15).

Less publicised than the *Bolsa Familia* programme in Brazil, has been the 'Continuous Cash Benefit Programme' or *Beneficio de Prestacao Continuada* (BPC). Since 1993, people aged 65 and over and people with a severe disability whose household per capita income is less than a quarter of the minimum wage (approximately US$1 a day in March 2006) are eligible for a transfer equivalent to the monthly minimum wage (approximately US$4 a month). In December 1996, after its first year of operation, as many as 346,000 benefited. At the end of 2005, over two million benefited, just over half being disabled and under 65 (Medeiros *et al*., 2006, p.15). There are other cash transfer mechanisms, including one of invalid pensions, which is a contributory scheme for workers in the formal market and benefited 2.6 million in 2005.

This illustration shows that programmes to gradually increase public expenditure so that categories of the extreme poor start to benefit offer a realistic, affordable and successful alternative. Under President Lula da Silva, the Brazilian Government's Zero Hunger Programme was planned to provide quantity, quality and regularity of food to all Brazilians in conjunction with accelerated Social Security reform (Suplicy, 2003). The Zero Hunger Programme includes food banks, popular restaurants, food cards, distribution of emergency food baskets, strengthening of family agriculture and a variety of other measures to fight malnutrition. The Social Security reform programme includes social assistance for low-income 15-17 year-olds, assistance for 7-14 year-olds who are enabled to go to school and avoid the exacting toll of the worst conditions of child labour, minimum income and food scholarships for pregnant and nursing mothers with incomes less than half the minimum age or who are HIV positive, benefits for elderly disabled with special needs and a range of other transfer programmes for the elderly, widowed, sick and industrially-

injured and unemployed that are being enlarged year by year (Suplicy, 2003).

The social security programmes being developed in Mexico, Chile, Costa Rica and especially Brazil are useful models for poorer countries in Africa and South Asia. They provide a parallel set of evidence to that for social security in the OECD countries and can prevent governments and international finance agencies making mistakes in their plans to reduce poverty and improve social and economic well-being. However, extension of coverage to all the extreme poor is a fitful process and is slow in most middle and low income countries, especially because of little support and sometimes strong opposition from the big economic powers, international finance agencies and TNCs.

Africa presents a more varied picture of measures taken to counter poverty than is often appreciated. In some countries, new social insurance schemes have been introduced – for example, a maternity and sickness scheme in Namibia. Mauritius and the Seychelles have universal benefit programmes (and relatively low poverty rates). Means-tested cash benefits are found in Botswana and Mozambique. Zambia has successfully piloted a social cash transfer scheme targeted at the poorest tenth of households (Gassman and Behrendt, 2006). However, social security expenditure in countries like Burundi, Cameroon, Ethiopa, Ghana, Kenya, Madagascar, Mauritania and Nigeria, has declined or remains at a tiny level compared with GDP (ILO, 2001; Van Ginneken, 2003; and see Townsend, 2007, p.9).

The Child Support Grant in South Africa

South Africa has high rates of poverty, labour migration and unemployment and the problem of HIV/AIDS has become acute. Nonetheless, since the fall of apartheid in 1994, strong attempts have been made to introduce a comprehensive social security system. In 1998, a Child Support Grant was started, worth R110 for each child below the age of seven whose carer had an income of less than twice this amount. By

early 2003, there were 2.5 million beneficiaries. By late 2005, the age limit was being increased gradually to 13 years and the number of beneficiaries (Table 2 below) reached over five million (four million adults). A valuable account of the history and present dilemmas is to be found in Lund (2007). However, there are criticisms of coverage because, while there is good evidence that the grant reaches some of the poorest of children (Case *et al*., 2003), there are increasingly large numbers of orphans, street children and child-headed households, in many cases the consequence of the spread of HIV/AIDS, that remain largely ineligible (Barrientos and DeJong, 2004). Despite the difficulties, many South Africans regard the development as the 'road to universality' and give the example of the Child Support Grant when illustrating the significance of the incorporation by South Africa of the principle of the 'progressive realisation' of economic and social human rights into their common law jurisdiction. The idea of a staged programme towards comprehensive coverage was a feature of a major commissioned report (Committee of Inquiry into a Comprehensive System of Social Security for South Africa, 2002).

Some analysts believe progress could be faster, especially if universalism were to be embraced wholeheartedly. One calculation is that, if there were to be a universal income grant of R100 per month to all households, the incidence of household poverty would be cut by just over half and, for R200, nearly three-quarters. Although the costs would be large, it was argued that politicians should seriously examine different combinations of funding between hard cost and *"the obvious welfare-enhancing effects of a universal income grant"* (Bhorat, 2006, p.10).

In South Africa, spending in households that receive social grants focuses more on basics like food, fuel, housing and household operations and less is spent on tobacco and debt. All major social grants – the Older Person's Pension, the Child Support Grant and the Disability Grant – are significantly and positively associated with a greater share of household expenditure being allocated to food. This increased spending on food is associated with better nutritional outcomes. Households that receive social

grants have lower prevalence rates of hunger for young children as well as older children and adults, even compared with those households with similar income levels (Samson, 2008, forthcoming).

Regardless of estimation technique or model specification, the two key effects tested are corroborated by all the participation models: both receipt of the State Old Age Pension and receipt of the Disability Grant have a significant positive impact on both narrow and broad labour force participation (*ibid.*)

Table 2: Cash transfers - numbers of beneficiaries (in thousands) and monthly level of grant

Type of grant	2003	2005	2007	Monthly grant
Child Support Grant	2631	5126	7880	R200
Foster Care Grant	139	249	381	R620
Care Dependency Grant	58	85	104	R870
Disability Grant	954	1292	1438	R870
Old Age Pension	2009	2067	2186	R870
War Veteran's Pension	5	3	2	R890
TOTAL	**5796**	**8822**	**11991**	

Source: *National Treasury* (Table reproduced from Samson, 2008, forthcoming).

Provision for disabled children does not yet exist. The Disability Grant is for people over 18 years of age who are so disabled that they cannot work. It can be awarded on a permanent or a temporary basis. It has recently been extended to people with AIDS-related disabilities and this is likely to be one of the factors driving the growth in numbers of the permanent Disability Grant. Delaney *et al*. (2005) showed that there was a significant

decrease in the average age of applicants between 2001 and 2004, from just over 46 to nearly 43 years. There was also an increase in the proportion of female applicants over the same period – from 45% to 57% in 2004. Both of these trends would be consistent with increasing applications from people with AIDS-related disabilities. It is not possible to estimate the numbers receiving as a proportion of those applying. It is certain that the amount of the Disability Grant covers only a small part of the overall financial needs of those with disabilities. There is a new cash grant in South Africa. But everywhere more substantial non-contributory schemes for children are urgently needed, preferably schemes that are categorical and not means-tested.

According to the ILO: *"One of the key problems facing social security today is the fact that more than half of the world's population are excluded from any type of statutory social security protection"* (Van Ginneken, 2003, p.7). In South Asia and Sub-Saharan Africa, those excluded number 90%. In middle income countries, the number is between 20% and 60% per cent. *"Social security had become more necessary than ever due to globalisation and structural adjustment policies…. The challenge for governments, social partners and civil societies is to create such conditions that the large majority of the population contributes to basic social insurance schemes"* (*ibid*., p.71).

The ILO Convention c102 Social Security 1952 (which came into force in 1955) laid down minimum income requirements per child, of either 3% of the ordinary manual labourer's wage, for the economically active, or 1.5% of that wage for all other families. In families with four children, the benefit would amount to 12% (or 6% in the case of those not in work). The ILO Convention was signed by 40 countries – including Niger, Senegal and Mauritius. It became part of the European Code of Social Security and the blueprint for such instruments as the European Social Charter, the Treaty of Amsterdam of the European Union and regional agreements in Africa and Latin America (Kulke *et al*., 2006, p.4.) If the World Bank had sought

policies to enforce this Convention rather than extend its neo-liberal anti-poverty strategy, there would have been a dramatic fall in world poverty.

A serious obstacle to social security schemes to reduce poverty has been a need to re-build and/or strengthen tax administration. Taxation and contributory insurance systems must be introduced or strengthened to raise national revenue to match international tax or aid revenues both for the protection of children and families but also to be fully answerable to representatives of national electorates as well as participating overseas governments, with independent powers to monitor policies and outcomes. During the evolution of joint funding in the next years, monitoring by an independent international inspectorate will also become necessary.

Child Benefit in the UK

The northern and western countries that were first to industrialise have all developed substantial social security systems. Among their other functions, these systems have greatly reduced domestic poverty. In the 15 EEC countries, poverty (by European standards) is reduced on average from 45% to 15% if incomes are assessed before and after social transfers (Townsend, 2007, p.10). Governments continue, however, to face strong pressure to do more for those in poverty, especially children.

In the UK, for example, serious concerns arose after the rapid increase of child poverty in the 1980s and early 1990s. In 1999, the Prime Minister, Tony Blair, gave a commitment to end child poverty in a generation. The aim was to eliminate poverty among children by 2020 and by a half, relative to 1999, by 2010. As in other OECD countries, there are in the UK a range of direct and indirect schemes affecting children, including child benefit, child tax credit, income support and allowances to families that are based on national insurance contributions. Progress in reducing child poverty has been slower than necessary to meet the ultimate objectives since 1999, a fact admitted by Ministers.

One non-Government commission on *Life Chances and Child Poverty* found that, in 2005, life chances remained very unequal. *"Children from disadvantaged backgrounds have much worse chances in terms of their infant mortality rates; their subsequent physical and cognitive development; their experience of childhood; their outcomes at school; and later access to higher education and jobs. In many cases these inequalities are found to be as wide now as they were in 1997, and in some cases they are widening."* (Fabian Commission, 2006, p.201).

The Commission concluded that the strategy had become over-selective[11]. *"Whilst universal Child Benefit and the means-tested Child Tax Credit should remain the twin pillars of income support for families with children, there should be a re-balancing of the system towards Child Benefit. One option would be to increase the rate of Child Benefit for second and subsequent children over the medium term so that it is closer to the rate for the first child. This would take some of the pressure off the Tax Credits system as well as achieving higher take-up rates and wider public buy-in."* (Fabian Commission, 2006, pp.187-188 and 204-5). Among other key measures, the Commission called for an increased minimum wage relative

[11] In tracing the impact of policies for children before and after 1997, the Treasury was invited, in 2004, to answer particular questions in Parliament about total expenditure on child benefit, tax credits, and other income-related benefits for children. Total expenditure in 1997/8 was £8.41b, £1.33b and £2.94b, respectively - at 2004/5 prices (or 0.9%, 0.1% and 0.3% of GDP). In 2003/4, it was £9.66b, £9.14b and £3.95b - again at 2004/5 prices (or 0.9%, 0.9% and 0.4% of GDP). Since these schemes have a primary impact on the levels of child poverty, the trend in the years from 1997/8 to 2003/4 towards more selective or targeted but less efficient child benefits is clear. Child tax credit is relatively more difficult and much more costly to administer than universal child benefit. The intended precise relationship between actual income and eligible level of benefit is hard to achieve in practice and the mis-match provokes confusion and distrust. Child tax credits are therefore difficult to justify publicly and a substantial proportion of families who would be eligible for credits do not in practice receive them.

to average earnings, a more progressive rate of income taxation and a review of the existing unequal distribution of income and wealth.

Other reports in the UK have provided evidence of the enhanced risk of poverty among children with disabilities. The latest example is for 2007 (Burchardt and Zaidi, 2008). The risk of poverty is greater once the extra costs of a disabled child are taken into account. Thus, 14.4% of two-child families where there is a disabled child are in poverty, compared with 11.5% of families not having such a child. However, if extra costs are included, the number in poverty rises from 14.4% to 15.8%. This applies despite the range of allowances to which families are entitled, such as the care and mobility components of the Disability Living Allowance, the disabled child premium that contributes to housing costs and other benefits. The authors of the report show that the various allowances tend to be pitched too low in relation to costs, or for various reasons are not, or cannot be, claimed.

As in low income countries, developments in recent years in the rich countries, like this example from the UK, point towards wider acceptance of children's fundamental rights to social security and an adequate standard of living by means of emphatic endorsement of benefits that are universal or which cover social categories of the population, such as children under five, all children, or groups like the over-75s or disabled people.

One authority calls attention to the *"lamentable lack of a social justice literature which considers children"* (Gordon, 2008, p.14). Making a deliberate link with human rights can strengthen anti-poverty measures constructed by governments and motivate action to be more consistent with commitments. Action to reduce poverty in rich and poor countries and needs and rights at the two extremes, can be better coordinated. Poverty is increasingly conceptualised as a denial of human rights, so that the links between equalities, human rights and the elimination of poverty can be a more automatic part of all governments' agenda. Since 1997, the UK has taken decisive action on economic and social rights in Europe and in the

world. The Human Rights Act of 1998, coming into force in 2000, and the UK's signature to the Economic and Social Charter imply greater coordination of anti-poverty measures at home and overseas. The UK signed the Convention on the Rights of the Child in 1990 and ratified the Convention in 1991. In 2007, it stated that its commitment to the implementation of the rights of children *"remains unwavering"*. As declared by the Fabian Commission: *"In 2003, the Joint Committee on Human Rights argued for a strategic, rights-based Commissioner for Children and Young People and also for an integrated Commission for Equality and Human Rights (CEHR) to work in a more concerted way than was proving possible with an assortment of bodies against discrimination in all its forms. The broad objective of the CEHR – to integrate action against discrimination and to end the arbitrary separation of types of discrimination and fragmentation of action is to be welcomed , though the difficulties entailed in achieving this ambitious goal in practice should not be underestimated."* (Fabian Commission, 2006, pp.12-13).

Conditional and unconditional child benefit

Through unconditional child benefit and unconditional allowances for children dependent on parents who are sick, unemployed, widowed or disabled, many children in the rich industrialised countries gain rights to social security. This is rare in low income regions and countries. Most children have little or no income security. Conditional cash transfer schemes are being encouraged, as we have noted. However, in practice, as in the history of the rich countries, there are pressures to extend coverage and relax the discriminating conditions which are both difficult and costly to administer fairly. In one review, it was concluded: *"Most governments tend to have a mixture of both universal and targeted social policies. However, in the more successful countries, overall social policy itself has been universalistic, and targeting has been used as simply one instrument for making universalism effective; such 'targeting within universalism' directs extra benefits to low-income groups within the context of a*

universal policy and involves the fine-tuning of what are fundamentally universalist policies" (Mkandawire, 2006, p.5).

Another authority has argued that targeting and conditionalities for cash transfers are unnecessary and counter-productive. Instead, he prefers a universal, non-conditional income grant. He maintains that this is better than commodity-based assistance, such as food aid, because poor families have the freedom to choose what they can spend their money on (Standing, 2007a; 2007b).

Summary and Conclusion: a universal child benefit

Children are at greater risk of being in poverty than women and men. At the turn of the 19th Century, the industrialising powers introduced laws against the employment of children and women in hazardous conditions, and also introduced universal social security schemes and social services to ensure stability during a period of economic upheaval and very rapid population growth. The market adapted its practices to meet these laws and poverty was greatly reduced.

However, in middle and low income countries, the scale of poverty among children is vast. The UNCRC contains elaborate injunctions to protect children from malnutrition, maltreatment, neglect, abuse and exploitation and ensure they are not deprived of access to clean water, sanitary facilities, shelter, health care services, education and information: governments are enjoined to *"recognise the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development"*. The statements, ratified by nearly all of the 191 nation states in the world, allow single but also multiple measures or indicators of the denial or fulfilment of the specified rights to be devised and tracked.

A special investigation for UNICEF found that 56% of children in developing countries – 1.2 billion children – suffered one or more forms of

severe deprivation with over half of them (674 million) suffering at least two forms of severe multiple deprivation, such as total absence of toilet facilities, lack of nearby clean water, malnutrition and extreme overcrowding and poor shelter. Many children orphaned by HIV/ AIDS face a miserable existence and early painful death. The number in Sub-Saharan Africa is expected to rise to 16 million, or a quarter of all children, by 2010.

The poverty of children arises in part from the harsh working conditions in which they, and their parents, are placed. Children as young as seven years old are reliably reported to be producing paving stones, footballs, clothing and carpets, operating with dangerous pesticides and other chemicals, digging trenches, picking cotton and working in mines – often for 10 or more hours a day. The problem is that routine observance of children's needs and rights is neither widely proclaimed nor enforced. Responsibility extends beyond state laws.

Trans National Corporations have become a focus of attention. The largest have much greater powers than the governments of low income countries and their responsibility for harsh conditions that may be created by sub-contractors and subsidiaries is not easy to assess accurately, even by the TNCs themselves. Information about the spread of wages, profits and taxes is also lacking. Agreement between the UN and TNCs, as well as between the UN and individual governments, about their accountability for severe forms of deprivation among children seems a long way off.

TNCs and international agencies can work wonders by committing a tiny percentage of their growing resources in particular to social security in the low income countries, and also by moving towards acceptance of minimum standards of monthly or weekly income on the part of wage-earners and those not in paid employment who are entitled to social security.

For example, Trans National employers could add one or two per cent of wage costs in different countries towards a child benefit to help banish

malnutrition, poverty and premature child death, and also encourage more schooling. One practical possibility would be to extend existing employer contributions towards domestic social insurance schemes in the OECD countries to employer operations in the low-income countries. A small Currency Transfer Tax (CTT) (perhaps 0.2%, raising a minimum of US$280 billion) could produce even larger resources. James Tobin introduced the idea in 1972 and again in the 1990s. This could be the basis for a UN Investment Fund for child benefit to reduce child poverty.

Universal cash benefit schemes for children (together with other schemes for disabled and elderly people) can be introduced in low-income countries by stages. The administrative infrastructures would become one major source of economic and social stability to pit against the unravelling problems of conflict, AIDS, and competitive global avarice.

The priority recommendation is for an international child benefit that, once administratively in place, has a direct and immediate effect in lowering poverty. Because the circumstances of countries differ widely, a new child benefit would necessarily take a variety of forms and be introduced progressively. It could be a weekly allowance in cash or kind for children under a given age – say 10 years, or five years or infants under two. A low birth weight baby allowance is an example of a measure that could be applied in rich and poor countries alike. The scheme can be phased in, depending on available resources – maybe starting with infants – so long as it is introduced country or district-wide. Precedents in parts of Latin America, like the conditional cash transfers and, in South Africa, such as the child support grant could be copied and extended.

A second priority recommendation is a categorical child benefit for severely disabled children. Whether parents are in paid employment or not, the costs of caring for a severely disabled child often account for family poverty and the market does not recognise this form of dependency. While some forms of congenital or disabling long-term illness may be declining, there are still the disabling conditions of the major problems of

the last two decades, like HIV/ AIDS, oil, nuclear and chemical pollution, and armed conflict, including landmines.

The use of a currency transfer tax for universal child benefit would immediately improve the life chances of hundreds of millions of children and pave the way for the emergence of social security systems in low income countries that would eventually compare with those in OECD countries and therefore radically reduce mass poverty.

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Appendix I: the Millennium Development Goals

1. Eradicate extreme poverty and hunger	Between 1990 and 2015: • Halve the proportion of people whose income is less than US $1 a day • Halve the proportion of people who suffer from hunger
2. Achieve universal primary education	Ensure that by 2015 all children will be able to complete a full course of primary schooling
3. Promote gender equality and empower women	Eliminate gender disparity in all levels of education by 2015
4. Reduce child mortality	Reduce by two-thirds the under-five mortality rate between 1990 and 2015
5. Improve maternal health	Reduce by three-quarters the maternal mortality ratio between 1990 and 2015
6. Combat HIV/ AIDS, malaria and other diseases	By 2015 have halted, and begun to reverse • the spread of, HIV/ AIDS • the spread of malaria and other major diseases
7. Ensure environmental sustainability	• Integrate principles of sustainable development into country policies and reverse the loss of environmental resources • Halve the proportion of people without sustainable access to safe drinking water by 2015 • By 2020 have achieved a significant improvement in the lives of at least 100 million slum dwellers
8. Develop a global partnership for development	• Develop the world trading and financial system • Address the special needs of the least developed and landlocked and small island countries • Deal comprehensively with the debt problems of the developing countries

Appendix II: Child mortality and poor conditions of health

Table 2A: Countries in Sub-Saharan Africa

Country (year data collected)	Under-fives stunted for age (%)		Mortality under five years (%)		One year olds not immunised against measles (%)	
	Poorest 20%	*Richest 20%*	*Poorest 20%*	*Richest 20%*	*Poorest 20%*	*Richest 20%*
Benin (2001)	35	18	20	9	43	17
Burkina Faso (2003)	46	21	21	14	52	29
Central African Republic (1994/5)	42	25	19	10	69	20
Chad (2004)	51	32	18	19	92	62
Comoros (1996)	45	23	13	9	49	14
Eritrea (2002)	45	18	10	6	16	4
Ethiopia (2005)	48	35	13	9	75	48
Gabon (2000)	33	11	9	5	66	29
Ghana (2003)	42	13	13	9	25	11
Guinea (2005)	41	22	22	11	58	43
Kenya (2003)	38	19	15	9	45	12
Madagascar (2003/4)	50	38	14	5	62	16
Malawi (2004)	54	32	18	11	33	12
Mali (2001)	45	20	25	15	60	24
Mauritania (2000/1)	39	24	10	8	58	14
Mozambique (2003)	49	20	20	11	39	4

Source: WHO, *World Health Statistics 2007*, pp.74-77.

Table 2A: Countries in Sub-Saharan Africa (continued)

Country (year data collected)	Under-fives stunted for age (%)		Mortality under five years (%)		One-year olds not immunised against measles (%)	
	Poorest 20%	Richest 20%	Poorest 20%	Richest 20%	Poorest 20%	Richest 20%
Namibia (2000)	27	15	5	3	24	14
Niger (1998)	42	32	28	18	77	34
Rwanda (2005)	55	30	21	12	15	12
South Africa (1998)	-	-	9	2	27	16
Togo (1998)	24	15	17	10	66	37
Uganda 2000/1)	40	26	19	11	51	36
United Republic of Tanzania (2004/5)	40	26	14	9	45	9
Zambia (2001/2)	51	37	19	9	19	12
Zimbabwe (1999)	29	21	10	6	20	14

Source: WHO, *World Health Statistics 2007*, pp.74-77.

Table 3A: Countries in Latin America

Country (year data collected)	**Under-fives stunted for age (%)**		**Mortality under five years (%)**		**One-year olds not immunised against measles (%)**	
	Poorest 20%	*Richest 20%*	*Poorest 20%*	*Richest 20%*	*Poorest 20%*	*Richest 20%*
Bolivia (2003)	42	5	10	3	38	26
Brazil (1996)	23	2	10	3	22	10
Columbia (2005)	20	3	4	2	36	10
Guatemala (1998/9)	65	7	8	4	21	9
Haiti (2000)	31	7	16	11	57	37
Nicaragua (2001)	35	4	6	2	24	6
Paraguay (1990)	22	3	2	2	52	31
Peru (2000)	47	4	9	2	19	8

Source: WHO, *World Health Statistics 2007*, pp.74-77.